

Police Work and Old Age Take Heavy Toll in Mafia Italian-American Mobsters Retreat From Surge of Other Ethnic Groups

By Selwyn Raab
New York Times Service

LOS ANGELES — Battered by aggressive investigators and weakened by incompetent leadership, most of America's traditional Mafia families appear to be fading out of existence, law-enforcement officials and independent experts say.

The Mafia remains potent in the New York City area, where officials say it is hard to uproot because it has five separate and large crime families, and in the suburbs of Chicago. But in most other areas, where prosecutors have to contend with only a single family, the legendary mob that once controlled whole labor unions, city governments and criminal enterprises has lost its grip.

Officials say the convictions of top Mafia leaders and their hierarchies have dismantled thriving underworld organizations in Philadelphia, New Jersey, New England, New Orleans, Kansas City, Detroit, Milwaukee and St. Louis.

In Los Angeles, investigators speak of the "Mickey Mouse Mafia," saying the mob is so enfeebled that illegal bookmakers refuse to pay it for the right to operate.

In Cleveland and Denver, where Mafia gangs once flourished, officials of the FBI say each city is left with a lone mobster who was "made," or formally inducted in a secret ritual.

And in New Jersey, Colonel Justin Dintino, the state police superintendent, finds the leaders of the Bruno-Scarfo group so aged and ineffective that he calls it the "Geriatric gang."

Many experts and officials say it is premature to write the Mafia's obituary, and they emphasize that its decline does not mean that organized crime has been banished. Other groups are moving in to take the Mafia's place.

In particular, Chinese international gangs called Triads are making a strong bid to succeed the Mafia in the sophisticated crimes of large-scale gambling, loan sharking and labor racketeering.

While there is wide agreement that the Mafia is declining, there is much disagreement on the causes. Law-enforcement officials generally credit a long-term strategy adopted by the Justice Department and the FBI in the early 1980s: developing cases against the top leaders of organized-crime families and relying largely on the Racketeer Influenced and Corrupt Organizations Act, or RICO, as a courtroom tool.

By concentrating on enterprises rather than individuals, federal prosecutors in the

past five years have removed the high commands of families through the convictions and long prison sentences of almost 100 top Mafia leaders.

Two experts, Peter A. Lupsha and Howard Abadinsky, say demographic changes also have helped undermine the Mafia.

Mr. Lupsha, a political scientist at the University of New Mexico who is a consultant on organized-crime matters for federal and state agencies, and Mr. Abadinsky, founder of the International Association for the Study of Organized Crime, a research organization, cite these factors:

- The dispersal of white populations away from urban neighborhoods. This diminished the Mafia's political influence, which was strongest in Italian-American sections of big cities, and the surreptitious protection that organized-crime bosses often got from the local police and political machines.

- A new generation of Mafia leaders who took control after the convictions or deaths of previous bosses and capos, or captains, but were less competent than their predecessors.

- The disintegration of traditional Mafia loyalties, with members breaking the code of silence to become informers against leaders.

- The emergence of rival crime groups controlled by Asians, Colombians, black Americans and the Sicilian Mafia, a powerful unit that operates independently of America's Mafia, or Cosa Nostra.

"The real trend in organized crime today is transnational with the ability to move drugs and money across borders," Mr. Lupsha said.

"The old Italian-American organized-crime groups were too content with what they had and too slow to think globally."

Outside of New York and Chicago, the Mafia is an anachronism, Mr. Abadinsky said, adding: "They changed like the rest of society. The younger ones are better educated than their elders, they have more opportunities in life and they know the mob is being pounded by the Feds."

Many experts say the American Mafia lacks the nerve and ability to compete violently with the new underworld rivals. The director of New York's Organized Crime Task Force, Ronald Goldstock, said a high-ranking Mafia defector told him that his crew could no longer find reliable assassins in its own ranks and had to take outside contracts.

"The new drug gangs are wild groups, and the old-timers don't want any confrontations with them," said Ralph F. Salerno, a former New York detective who is a consultant to congressional committees on organized-crime matters.

"Moreover, west of the Mississippi, there is nothing left of the Cosa Nostra to fight any-

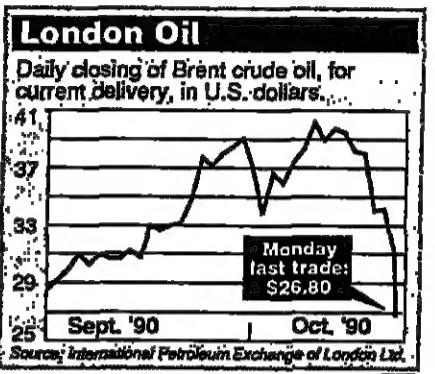


Crude Oil Prices Drop Sharply

Traders shouted their orders Monday on London's International Petroleum Exchange, where oil prices plunged to their lowest level in seven weeks as the markets reacted to developments in the Gulf crisis.

Saudi Arabia's defense minister, Prince Sultan bin Abdulaziz, made comments that the market considered the most conciliatory toward Iraq since its Aug. 2

invasion of Kuwait. The remarks sparked optimism that a peaceful solution was possible in the Gulf. In London, the benchmark Brent blend crude oil fell more than \$4 a barrel to \$26.80. In later trading on the New York Mercantile Exchange, crude oil futures for November delivery plummeted \$3.41 a barrel to \$28.38, the biggest one-day slide in the market's history. (Page 9.)



Baghdad Might Free Some Americans

By Edward Cody
Washington Post Service

AMMAN, Jordan — A private American intermediary announced Monday that some U.S. hostages in Iraq would be allowed to leave and that President Saddam Hussein had indicated his willingness to release all detained French citizens.

In Paris, an official said France rejected the proposal. A spokesman for President François Mitterrand, Hubert Vedrine, said that France would ignore the offer and uphold United Nations resolutions demanding the release of all hostages.

The prospect of freedom for U.S. and French hostages came a day after Edward Heath, the

former British prime minister, announced that Mr. Hussein had ordered a number of sick or elderly British detainees to be released on Tuesday.

[Mr. Heath's efforts to secure the release of some of the Britons appeared to run into difficulties Monday, diplomats said. Reuters reported from Baghdad that they said British and Iraqi officials were disputing details of those who should be freed.]

Small groups of British, German and Spanish citizens were released last week after anti-war activists made humanitarian appeals, similar to Mr. Heath's, in meetings with senior Iraqi officials.

Although the accumulation of goodwill ges-

tures has meant freedom or the promise of freedom for a growing number of Europeans and Americans, the Iraqi leader clearly declared that such releases did not signal a shift away from his tactic of holding foreigners hostage as insurance against a U.S. bombing attack. Up to 8,000 people, including hundreds of Americans, have been prevented from leaving Iraq and Kuwait.

In an interview with Japan's NHK television network, broadcast Monday in Tokyo, Mr. Hussein said that a general hostage release would be considered only "on condition that the threat of war against Iraq ceases to exist."

President George Bush and other Western

See GULF, Page 4

How the Iraqi Authorities Pick Their 'Special Guests'

By John F. Burns
New York Times Service

BAGHDAD — On Oct. 10, after nearly two months of hiding from door-to-door searches by Iraqi troops in his barricaded apartment in Kuwait City, Randall Trinh made his break for freedom.

Alerted by Voice of America broadcasts, the 49-year-old Vietnamese-born American from Hacienda Heights, California, made his way to the burned-out Safeway supermarket in Kuwait City, where buses chartered by the United States Embassy waited to take Americans to what may prove to have been the last American-chaired flight to the United States.

But Mr. Trinh never made it past Baghdad Airport.

While more than 300 others flew on to their homes, Mr. Trinh was removed from the departure lounge by the Iraqi police. Unlike most of the men on board who held American passports, Mr. Trinh had no Arab roots. However, along with foreigners of Arab origin, Asians had been allowed to leave Kuwait, and that gave him hope.

It did not last. Under the intricate rules that President Saddam Hussein's government has drawn up for dealing with foreigners caught up in the Kuwait crisis, Mr. Trinh was deemed to be a "guest" of Iraq, meaning a hostage.

When last seen by an American diplomat, Mr. Trinh was at the Mansour Meha Hotel in Baghdad, a luxury high-rise beside the Tigris River that the government has used as a collection point for foreigners about to be placed in the category of "special guest."

This euphemism, rigorously adhered to by Iraqi officials, refers to people who are rounded up and deployed outside the Iraqi capital at military bases, industrial sites, and other potential targets of a military attack.

If he has been taken to one of the sites, Trinh would be the 103d American known to have been deployed as what almost everybody but Iraqi officials have taken to calling "human shields."

When Iraq first indicated that it would stop foreigners from leaving Iraq and Kuwait in the

See HOSTAGES, Page 4

Saudi Prince Suggests a Concession On Kuwait

But U.S. Says Riyadh
Vows Its Tough Stand
Will Not Be Changed

By Youssef M. Ibrahim
New York Times Service

JIDDA — Saudi Arabia's defense minister, Prince Sultan bin Abdulaziz, has raised the possibility of granting Iraq an outlet on the Gulf in Kuwait and urged Arabs to seek peace "through all means" to end the Gulf crisis.

His comments came during a session with Arab journalists that took place on Sunday, and were broadcast on Saudi television Monday night. Earlier versions stirred confusion about the Saudi position in the Gulf crisis and pushed down oil prices in London. The comments were widely interpreted to be an indication that Saudi Arabia was anxious to avoid an armed confrontation with Iraq.

[The United States contacted Saudi Arabia on Monday over the reports but was assured there was no change in the kingdom's opposition to Baghdad's seizure of Kuwait, Reuters reported from Washington.]

The White House spokesman, Martin Fitzwater, in an effort to clarify the situation, said, "We are informed that there is no change in the Saudi policy and that they continue to believe the UN sanctions are effective and will work and should be pursued."

[The State Department spokesman, Margaret D. Tutwiler, said the prince himself had "assured them there's been absolutely no change in Saudi Arabian policy."]

The confusion was compounded by the unexpected arrival here Monday night of the Egyptian president, Hosni Mubarak, whose nation is closely allied to Saudi Arabia and who has advocated the unconditional withdrawal of Iraq.

While Egyptian officials said Mr. Mubarak was here to visit Egyptian troops, some diplomats said he may have arrived to seek clarification about the Saudi position, particularly in view of Russian and Arab "dilemmas" pushing a territorial compromise on the issue.

A number of Arab news agencies have said that the Soviet Union, Libya and the Palestine Liberation Organization all have reported that Iraq is willing to quit Kuwait if it can retain the Bubiyan and Warba islands as outposts on the Gulf.

The strong accent on conciliation and peaceful settlement adopted by Prince Sultan, who is the third Saudi in line for the throne, amplified the already existing impression that he is a leading voice of moderation among the Saudi leadership.

In the past, Prince Sultan had stated that no attacks would be launched from Saudi Arabia against Iraq except in self-defense. In addition, diplomats here noted that Prince Sultan's comments represented the first time since the Iraqi invasion of Kuwait that a ranking Saudi official raised the possibility of a territorial compromise by Kuwait to settle the dispute with Iraq.

In the version of his talk that was broadcast by Saudi television, Prince Sultan said among other things that "if a sister Arab nation has rights, we all agree these rights can be had, but not by force."

Answering a question from one of the Arab journalists about Iraq's demands for an outlet on the Gulf, Prince Sultan replied that "Saudi Arabia has said, and says now, that giving rights, including territorial brotherly concessions — given willingly — are a matter of pride for the Arab nation."

He added that "we in Saudi Arabia have given parts of our land and parts of our territorial waters willingly. But this came through good will, noble manners, and brotherhood," in a reference to territorial settlements concluded

See SAUDI, Page 2

Toiling Soviet Planners Know Where the Beef Is

By Bill Keller
New York Times Service

MOSCOW — What does the price of a Big Mac at the Moscow McDonald's have to do with the gasoline shortage in the Ukrainian capital, Kiev?

And what do both of these things have to do with the feud between Mikhail S. Gorbachev and Boris N. Yeltsin?

The answer lies in the price of meat, an unruly bit of reality that reverberated through the Kremlin last week as policymakers debated designs for a market to be built on the wreckage of communism.

The moral of the story is that no matter how near the logic of an economic program, its anarchy out there, communism seems to decay the way uranium does, splitting off unruly particles that carom into the surrounding environment with devastating consequences for the plans of economic managers.

The story begins in May, when the government of Prime Minister Nikolai I. Ryzhkov announced plans to raise the price it pays farmers for meat, beginning in January.

The Soviet meat business used to be simple in the days before Mr. Gorbachev. One producer, the state. One wholesaler, the state. One price, the state price.

State pig and cattle farms turned over most livestock to state slaughterhouses for centralized distribution to state grocery chains, factory and school cafeterias, state-run restaurants, and — discreetly — to elite shops for Communist leaders.

The system of guaranteed prices and no competition produced indifferent farmers, who in turn erratically produced sometimes

inadequate meat supplies. It also produced huge government deficits. The state, eager to prove the merits of life under communism, sold meat to consumers for less than the cost of raising it.

But as Mr. Gorbachev has loosened central discipline over the economy — reorganizing the bureaucracy, tinkering with the contract system and authorizing experiments in farm trade — more and more meat has been diverted to other channels.

Some go legally to deregulated farmers' markets, where the price is often five times that in state stores. Some goes to the black market. State farms barter some to state factories for materials; pork in exchange for irrigation pipe, chicken traded for tractor carburetors.

In the first half of this year, so many farmers shirked their state quotas that the government was forced to import 73 percent more meat from abroad than in the same period last year.

Thus, in May, Mr. Ryzhkov's cabinet promised higher prices for livestock farms that planned to contract with the state in 1991.

The decision ricocheted through the economy, producing the opposite of the intended effect. By the end of the summer, it was clear that farmers were holding back even more of their livestock this year, saving it for January when the prices would go up. Lines at state-run meat counters grew, and prices in the farmers' markets soared.

"It was a domino effect," said Mikhail Berger, the economics correspondent for the government newspaper Izvestia.

Enter Mr. Yeltsin, president of the Russian

See MEAT, Page 4

Kiosk

Bush Vetoes Bill on Rights

WASHINGTON (AP) — President George Bush vetoed a civil rights bill Monday and seemed assured of winning an attempt by Congress to override him. "I deeply regret having to take this action," Mr. Bush said.

The president called on lawmakers to enact his version of the measure before they recessed for the year, expected later this week. The administration contended that the bill, as passed by Congress, would force businesses to adopt quotas in hiring and promotion.

General News
U.S. budget negotiators press the search for common ground. Page 3.

Fashion
Chanel was way out in front for creative clout in Monday Paris shows. Page 8.

Crossword
Page 8.

Dow Jones	The Dollar in New York
2,516.09	DM 1.5181
Down 4.70	Pound 1.9425
	Yen 126.975
	FF 5.0815



JERUSALEM SHUT TO ARAB VISITORS — Troops preventing an Arab driver and passengers from entering Jerusalem at one of the roadblocks around the city after new threats. Page 2.

Western Europe Braces for New Wave of Immigrants

By William Drozdiak
Washington Post Service

PARIS — Western Europe, already in the throes of the largest European migration since World War II, is expected to be flooded with millions more immigrants in the next two years because of deepening economic crises in North Africa and Eastern Europe, and Western governments are worried that the influx may exacerbate social unrest and overwhelm welfare programs.

Unlike last year's westward rush toward political freedom by nearly a million East Germans and other East Europeans before the fall of communism in their countries, the next wave of immigrants will be driven more by economic desperation and ethnic prejudice, according to demographers.

Many of the migrants may come from the Soviet Union, where exit visa requirements will soon be abolished. Destitute workers and besieged minorities from other parts of Eastern

Europe are also expected to seek to emigrate, perhaps with the help of friends or relatives already in the West.

In addition, mounting economic problems in Algeria, Morocco and Tunisia are forcing a growing population of unemployed youths to emigrate in search of work. Many North African workers are circumventing the difficulty of obtaining visas by entering Europe illegally to take menial jobs at low wages.

The dual influx from the south and the east is having a strong political impact on Western Europe, boosting the fortunes of rightist political parties intent on exploiting resentment against the newcomers.

The National Front in France and the Lombard League in Italy have scored notable electoral gains, especially at the local level, by emphasizing tough curbs on immigration. In Austria, the rightist Freedom Party raised its share of the vote from 10 percent to 17 percent

in recent national elections by demanding new restrictions on the country's open-door policy that enabled 600,000 East Europeans to settle there in the last four decades.

Demographers and politicians say that as many as 5 million foreigners may flock to the 12 nations of the European Community in the next few years, joining an estimated 12 million to 14 million immigrants there now. While the immigration figures seem small when compared to the 320 million citizens in the EC nations, the issue has become an emotional one because of fears that jobs, medical and welfare benefits and even cultural identity may be jeopardized.

The immigration issue poses a dilemma for many West European states. A steady influx of foreign workers is needed to sustain economic growth, compensate for low birth rates and fill dirty or dangerous jobs that many Europeans are reluctant to take. But governments are loath to cope with the volatile social climate that often arises when foreign minorities grow large

enough to challenge the dominance of the indigenous population.

Earlier immigrants often are the most vociferous in their opposition to the arrival of outsiders. According to Bruno Etienne, a sociologist at the Université d'Aix-Marseille in southern France, some of the most fervent supporters of the anti-immigrant National Front are Spanish- and Portuguese-born workers who fear that their jobs and well-being may be jeopardized by new immigrants willing to work for much less money.

Similarly, Arab and African itinerant laborers were angered this fall when wine growers in the Beaujolais region decided to hire Polish and Romanian pickers to help with the harvest this year because they were willing to accept low wages.

The immigration controversy also raises serious complications for the European Community's plans to establish a single internal market

See EUROPE, Page 4

Budget Negotiators Press the Search for Common Ground

The Associated Press
WASHINGTON — Congressional and White House negotiators resumed their search for compromise over new taxes on the wealthy and cuts in Medicare benefits Monday.

A weekend of bargaining at the Capitol left negotiators ready to increase gasoline taxes by at least 5 cents a gallon. Negotiators also seemed closer together on proposals for cuts in Medicare health insurance benefits for the elderly and the disabled and for taxing the wealthy.

The meetings Sunday also led to a walkout by the White House chief of staff, John H. Sununu. But on Monday morning, the administration budget director, Richard G. Darman, returned to the deficit-reduction talks on Capitol Hill.

"The M&M problem still remains," Representative Leon E. Panetta, Democrat of California and chairman of the Budget Committee, said Monday. He was referring to disagreements over taxing millionaires and cutting Medicare.

Narrowing one important dispute, Democrats agreed to accept a 5-cent increase in the 9-cent-a-gallon gasoline tax, 2 cents less than Republicans wanted.

Divisions remained over how much in new taxes the wealthy should pay. But the two sides seemed to be nearing an understanding.

Both sides were willing to increase the marginal rate on the wealthiest Americans — families with incomes above \$180,000 a year — to 31 percent, up from the current 28 percent. And each party was willing to limit the deductions that people earning more than \$100,000 can claim.

But a big gap existed over a Democratic demand to levy an additional 7.5 percent surtax on those with incomes above \$1 million. Republicans said they would not accept the plan. They instead offered a proposal — rejected by Democrats — to reduce deductions on incomes above \$1 million by 8 percent.

In addition, Republicans wanted to lower to 31 percent from 33 percent the tax rate on families with incomes of \$80,000 to \$180,000. Democrats opposed the idea.

Negotiators also moved closer to each other on Medicare. Democrats would restrain the growth of the program by about \$44 billion over the next five years. Republicans want the cuts to be \$3 billion deeper.

About one-fourth of the reductions would be borne directly by the 33 million handicapped and elderly people who use the program. Representative Dan Rostenkowski, the Illinois Democrat who is chairman of the tax-writing House Ways and Means Committee, said the two sides were less than 52 billion apart on the precise cut to be aimed at beneficiaries.

Democrats also want to raise the \$51,300 wage cap from which Medicare taxes are deducted to \$125,000. Republicans would increase the cap to \$98,000.

The final plan also is certain to include higher taxes on cigarettes, alcohol, such luxury items as furs, and airline tickets — elements that were in separate bills the House and Senate passed last week.

Also destined for the final bill were cuts in crop payments to farmers, new fees for federal environmental tests and Coast Guard services, and reduced benefits for retired civil servants and veterans.

Accord on Acid Rain
Michael Weiskopf of The Washington Post reported earlier:

House and Senate conferees reached agreement on acid rain controls Sunday, bridging long-standing regional divisions to paint the last broad strokes of a larger plan to scour the skies clean by the turn of the century.

The agreement, designed to cut 10 million tons of acid rain emissions by the year 2000, meant that only a few issues remain for the conferees to resolve. The most contentious is a House plan for \$250 million in relief for workers displaced by new clean air laws.

Although the relief provision has been called "veto bait" by the White House, it has strong support among key congressional negotiators eager to complete the first revision of clean air laws in 13 years. With Congress hoping to adjourn this week, conferees leaders

worked to send to both houses by Tuesday their complex bill that seeks to end urban smog, cut 90 percent of cancer-causing and toxic emissions by industry and halt acid rain damage.

The legislation is expected to carry costs of \$25 billion a year for industry, which managed to block the most far-reaching measures with an extensive lobbying effort.

The bill is still expected to force major changes in the way industry operates and in its products. It calls for less-polluting cars, trucks and buses; new blends of gasoline with additives derived from corn; fast development of substitutes for ozone-depleting chemicals used in everything from air conditioners to foam cushions; and cleaner steel plants, oil refineries and power plants.

In Pakistan, Few Venture To Predict The Winner

By Barbara Crossette
New York Times Service

RAWALPINDI, Pakistan — With only hours to go before an election that is being called the least predictable in Pakistan's history, analysts say several difficult-to-measure variables still could swing votes in one direction or another.

Will Benazir Bhutto's Pakistan People's Party, in office from December 1988 until her dismissal as prime minister on Aug. 6, be swept back on a sympathy vote and given a second chance?

Or will Pakistani voters take the safe route and elect candidates close to the military, out of fear of army intervention if she wins?

Some of her colleagues still fear that she could be barred from the race at the last moment by one or more of the special tribunals hearing charges of corruption made against her by President Ghulam Ishaq Khan, or by executive order directly from Mr. Khan.

On Friday night, Miss Bhutto, still the most spirited campaigner in the race, started in a six-hour political extravaganza in the park where Pakistan's first prime minister, Liaquat Ali Khan, was assassinated in 1951.

She asked her party workers to stand by the polls to prevent ballot tampering.

She also gave a long and impassioned defense of Pakistan's nuclear program, which has become an issue here because it is an issue in the United States. The U.S. Congress has suspended aid to Pakistan until President George Bush certifies that Islamabad is not making nuclear weapons.

Her opponents have made the loss of aid the major topic of the political campaign, saying that Miss Bhutto connived with supporters in Washington to damage Pakistan. In her Rawalpindi speech, she implied that she had been thrown out of office because of her plans to expand the nuclear energy program.

On Sunday, her archrival, Nawaz Sharif, and his Islamic Democratic Alliance staged a rally at the same site in Rawalpindi. Mr.



A Lahore cyclist passes an election poster of Nawaz Sharif.

Sharif and Miss Bhutto were winding up campaigning in Lahore, the capital of Punjab State and the political heart of Pakistan.

By law, campaigning had to stop at midnight on Monday. Voting takes place on Wednesday for the National Assembly and on Saturday for the four provincial assemblies.

Mr. Sharif, former chief minister of Punjab, seems to be the front-runner for prime minister if his alliance wins. But the present caretaker prime minister, Ghulam Mustafa Jatoi, and a former prime minister, Mohammed Khan Junjo, are still in the running.

A spokesman for the army said in on Sunday that troops would be deployed in areas where election officials feared violence but would not be allowed near polling stations. The army's chief, General Mirza Aslam Beg, has been promising since Miss Bhutto's dismissal to stay out of politics.

Mushahid Hussain, a liberal political columnist and former newspaper editor, says he is convinced that there will be no military intervention in the electoral process. But he and others assume that the army will make its wishes known in the aftermath of the voting, when a prime minister will be chosen by the National Assembly.

If Miss Bhutto is returned to power, she will face some tough negotiating with the military.

Military officers are known to be unhappy with the situation created by the president and his caretaker government, who failed to make their charges against Miss Bhutto stick in time to prevent the rise of a wave of sympathy. People's Party members who were ready to desert her in August are now flocking back, thinking she may have a chance of regaining power.

Mrs. Agnino denounced the killings and ordered an investigation.

Tough Talk: Label Is Democrat but Message Is Republican

By Thomas B. Edsall
Washington Post Service

LOS ANGELES — Democratic governors once boasted of building new houses and expanding the welfare state. Now they boast of building new prisons and pushing welfare recipients off the rolls and into the work force.

Democratic candidates from California to Massachusetts and from Illinois to Alabama are thumbing their noses at liberal orthodoxy, challenging their party's left on a range of social and spending issues. The success or failure of their tactics is likely to significantly influence Democratic presidential strategies in 1992.

In the critically important battle for governor of California, Dianne Feinstein, the Democratic former mayor of San Francisco, was criticized during the primary election by liberal Democrats for her support of the death penalty. She is now using that criticism to appeal to the more conservative general election constituency.

Ms. Feinstein's campaign is broadcasting a commercial showing her being booed at the state Democratic Party convention as she declares: "Yes, I support the death penalty. The people of this state want to be protected, and I aim to protect them."

About 2,000 miles away in Alabama, Paul Hubbert, Democratic nominee for governor, has broken with traditional liberal support for prisoners' rights. In one ad, he stands in front of a jail and declares: "We're spending \$173 million a year to keep prisoners in comfort."

"The working people of Alabama have to get up and go to work every day," he added. "It's time the prisoners did, too."

Mr. Hubbert and Ms. Feinstein are both part of a fledgling movement among Democratic candidates to break with policies and programs that have plagued Democrats in the past — especially Democratic presidential candidates.

From the Republican attack on George S. McGovern's platform 18 years ago as an endorsement of "amnesty, acid and abortion" to the devastating use of Willie Horton, the convicted murderer-rape, in George Bush's 1988 campaign, Republican candidates have portrayed Democrats as soft on crime and prepared

to spend tax dollars collected from the middle class on the nonworking poor.

A number of Democratic tacticians believe the collapse of the 1988 presidential campaign of Michael S. Dukakis — from a 17-point lead in August to defeat in November — is having a major influence on Democratic strategic thinking in 1990.

"Willie Horton did it to them," said Mike McKoon, an Illinois Democratic pollster who has argued that crime and taxes are key issues that Democrats cannot afford to dodge.

Mr. McKoon contended that the independently produced Horton commercials that were used to support the Bush campaign "were bad, they were racist, but the chords they struck were a clear message."

"All these social programs are wonderful, but for a 54-year-old lady who has to get up at 5:30 in the morning to do her shopping because she's scared of the crime" in the evening, "everything else falls by the wayside."

Mr. McKoon is conducting polls for the Illinois gubernatorial campaign of Neil Hartigan, the Democratic state at-

torney general who has turned the traditional Democratic tax-and-spend position on its head.

A Hartigan commercial declares, "When given a choice, Jim Edgar's first response has always been higher taxes." The attack on Mr. Edgar, the Republican nominee for governor, could have been lifted almost verbatim from Ronald Reagan's assaults on Walter F. Mondale in 1984 or Mr. Bush's anti-Dukakis rhetoric in 1988. "Jim Edgar's first response? Raise taxes. Neil Hartigan? Make government do more with the money it already has."

Along similar lines, former Senator Lawton Chiles, a Democrat, is running for governor of Florida as an adversary of the "tax and spend" policies that on the national level have been tied to the Democratic Party.

And in Michigan, there has been a partial partisan role reversal in the contest between the incumbent Democratic governor, James J. Blanchard, and John Engler, the Republican challenger.

Mr. Engler, sounding almost like a Democrat, has argued that politicians

should recognize not only "the need to lock up our most violent and dangerous criminals, but also understand that the long-term solution to our crime problems isn't in more jail cells, it's in better classrooms."

At the same time, Mr. Blanchard got headlines for proposals to cut the state welfare budget by \$46 million in late 1989 and by \$115 million last month.

But when it comes to challenging Democratic orthodoxy, no one holds a candle to John Silber, president of Boston University and the Democratic nominee for governor in Massachusetts.

During his primary campaign, Mr. Silber repeatedly provoked Democratic critics with comments suggesting that liberal social policies in Massachusetts have turned the state into a "welfare magnet" for "people who are accustomed to living in the tropical climate," and questioning the use of costly measures to prolong the life of the very old who are on the verge of death.

"When you've had a long life and you're ripe, then it's time to go," he said.

U.S.-Singapore Troop Talks Hit Hurdles

By Michael Richardson
International Herald Tribune

SINGAPORE — Negotiations to allow U.S. military forces and servicemen increased access to Singapore have been slowed by disagreements over criminal jurisdiction and cost-sharing.

Officials on both sides say, however, that final agreement is within reach.

The issue of whether U.S. servicemen should be subject to local jurisdiction, including a mandatory death penalty for drug offenses, is especially sensitive because it will also determine the outcome of similar negotiations between the United States and Malaysia, diplomats and analysts in Kuala Lumpur say.

Both Singapore and Malaysia have insisted that their sovereignty must be respected by Washington.

Over the past 12 months, the United States has been holding talks with Singapore and Malaysia to try to reach agreements that would extend and formalize U.S. use of air and naval installations in both countries, which border the Straits of Malacca.

The Straits are the main shipping artery between the Pacific and Indian oceans and the waterway through which Japan gets most of its Middle East oil.

U.S. officials had hoped that an agreement with Singapore would be made final by August.

Under the plan, use of Malaysian facilities by U.S. forces would

be occasional; a U.S. presence in Singapore would be more extensive.

The aim is to help the United States sustain forward deployment of its forces in the Western Pacific and Indian Ocean, reducing reliance on bases in the Philippines where the current agreement expires in September 1991.

Philippine officials have served notice that any future access by U.S. military units will be more limited.

In a recent interview, Goh Chok Tong, Singapore's first deputy prime minister and defense minister, said that the best guarantee of

regional stability was a continued U.S. military presence.

However, he said that Singapore had made clear that "we would insist on our legislation" applying to American servicemen who broke Singaporean law, including anyone involved in drug offenses.

A Western diplomat said that the Bush administration was concerned that it might encounter problems in the Congress "if it agreed to status of forces arrangements under which American servicemen could be banded in Singapore or Malaysia for drug offenses."

Singapore and Malaysia have

laws that impose a mandatory death sentence for trafficking in marijuana, cocaine, heroin and other drugs.

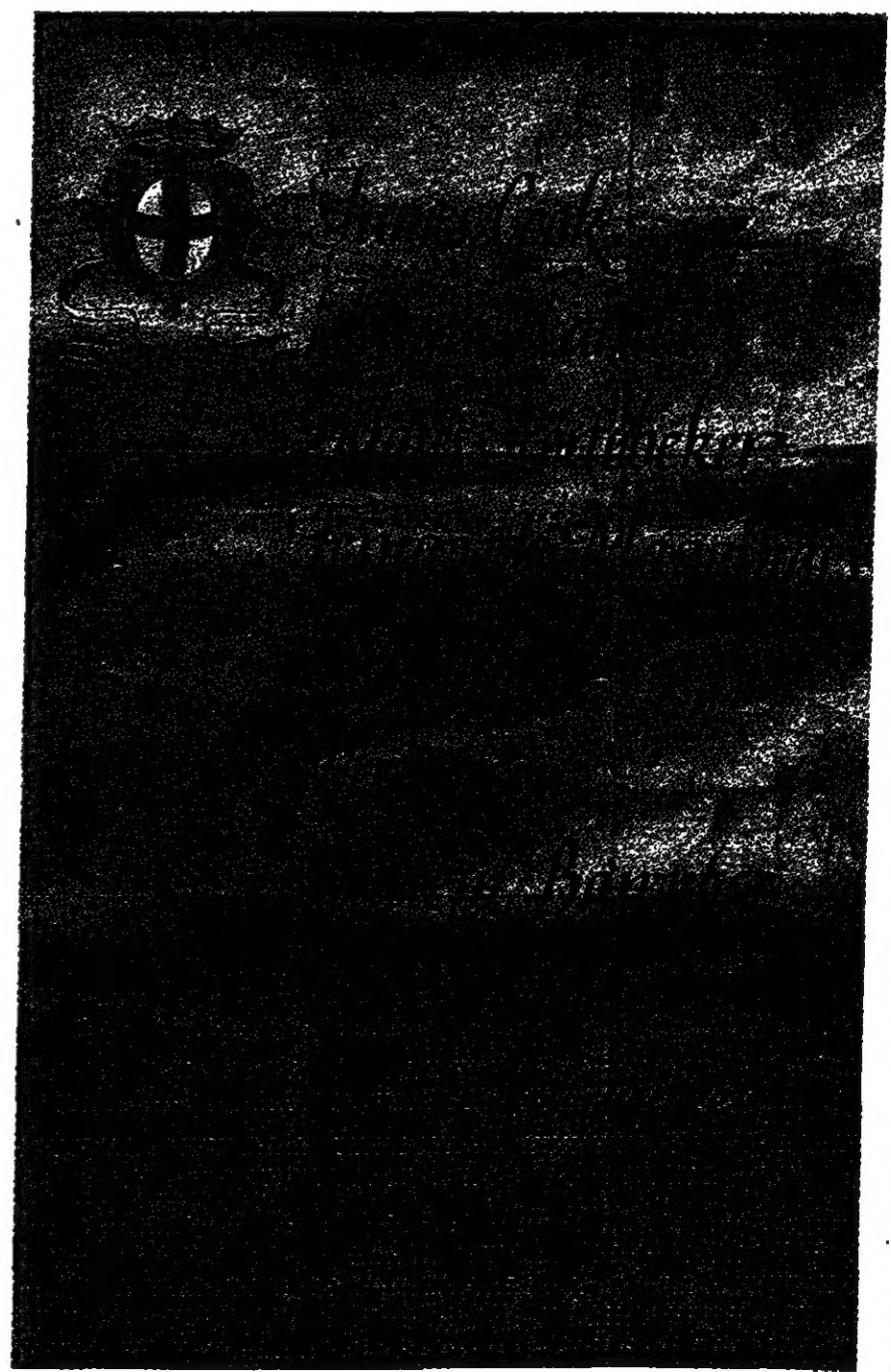
Mr. Goh said that the second outstanding point in the negotiations was Singapore's request that the United States pay for the use of facilities.

He said that although the amount of money involved was small, the United States believed it "should not pay for any cost because that may set a precedent."

Washington has consistently refused to pay rent for bases in the Philippines, promising instead extensive aid.

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Saudis Force 350,000 Yemenis to Leave

By Youssef M. Ibrahim
New York Times Service

JIDDA — The Saudi government has suspended residency privileges for Yemenis working here in response to Yemen's support of Iraq in the Gulf crisis, setting off a mass migration of at least 350,000 Yemenis in the last three weeks.

Officials say that by early summer the move could force out an estimated one million Yemenis, a quarter of the expatriate labor force in Saudi Arabia.

The departure of the Yemeni workers dramatically adds to the negative political, economic and demographic consequences that the crisis has brought to the region, including the flight of about two million workers, mainly Egyptians and Asians, from Iraq and Iraq-occupied Kuwait.

The departures from Saudi Arabia differ from the migrations from

Iraq and Kuwait in that the Yemenis apparently are being allowed to take most of their earnings and savings with them.

Reda M. Larry, editor of the daily Saudi Gazette in Jidda, estimated that Yemen's already wobbly economy was being deprived of \$350 million a month in remittances from the expatriates' earnings. Confirming the impact, Yemen's president, Colonel Ali Abdullah Saleh, said several days ago that Yemen "is currently facing economic difficulties because of the Gulf crisis and the return of thousands of expatriates from Saudi Arabia."

In a comment underlining deep hostility to the Saudi move, the Yemeni foreign minister, Abdel Karim Iryani, said at a meeting of Arab League foreign ministers on Thursday that "the 350,000 Yemenis who have so far returned left behind cash, properties, and acquired rights they had earned over decades of hard work, sweat and effort."

Saudi officials have denounced this charge as "an outright lie," saying all Yemenis were allowed to transfer their money and take all their possessions with them when they left Saudi Arabia.

Departing Yemenis acknowledge that they were not prevented

from taking whatever they could with them. But their hurried departures have caused financial losses and severe social hardships in addition to the loss of income.

Since the Iraqi invasion of Kuwait on Aug. 2, relations between Saudi Arabia and Yemen have deteriorated over Yemen's support of President Saddam Hussein.

Iraq and Yemen have close economic and political ties, and Yemen sent forces to back Iraq during its eight-year war with Iran. Before the United Nations embargo imposed against Iraq, the Yemeni port of Aden was a major transshipment point for Iraqi imports and exports, including oil.

The Saudis and the Yemenis have also had an interdependent relationship. But it has often been tense, stemming from the conservative Saudi monarchy's fear of foreign subversion.

Yemenis have played a major role in Saudi Arabia's labor force and service sector and for decades had been allowed free movement across the border — an anomaly in Saudi Arabia's restricted contact with the outside world.

On Sept. 19 the Saudi government, reacting sharply to Yemen's support of Iraq, expelled 32 Yemeni diplomats, then issued a decree saying all Yemenis living in Saudi

Arabia had a month to obtain legal residency, which requires the guarantee of a Saudi employer. It also said all Yemenis owning businesses had to obtain a Saudi partner or sell their businesses to a Saudi. Most Yemenis say they could do neither in such a short period.

Although there are no precise figures, most Yemeni businessmen in Saudi Arabia had to sell their businesses at low prices. Reflecting widespread hostility toward Yemenis, Saudi employers have been slow to formally hire the Yemenis who worked for them without special permission before the decree.

The Saudi move has resulted in some Yemeni families being painfully divided, since many of them obtained Saudi citizenship a decade ago when it was possible.

Saudi-Yemeni relations have always had a tense edge. Saudis worry about subversive activities by Yemenis, who have never professed much affection for Saudi Arabia. The Saudis have encouraged dissent among many of the pro-Saudi, conservative Yemeni tribes close to the Saudi border.

On Sunday, the semi-official Saudi newspaper Ashraq Awstat reported in a front-page article that more than 30,000 Yemenis from the pro-Saudi tribes held a three-day meeting in the Khafadh region recently, demanding that the Yemeni government "clearly and openly" condemn the invasion of Kuwait and suspend its support of Baghdad. They also formed a committee to support Kuwait.

Foreign diplomats in Jidda say that one of the most important aspects of the Gulf crisis and the Yemen dispute is that it highlights Saudi Arabia's vulnerability to the more heavily populated neighbors, including Iraq, which has 16 million inhabitants, and Yemen, which has a population of 11.5 million.

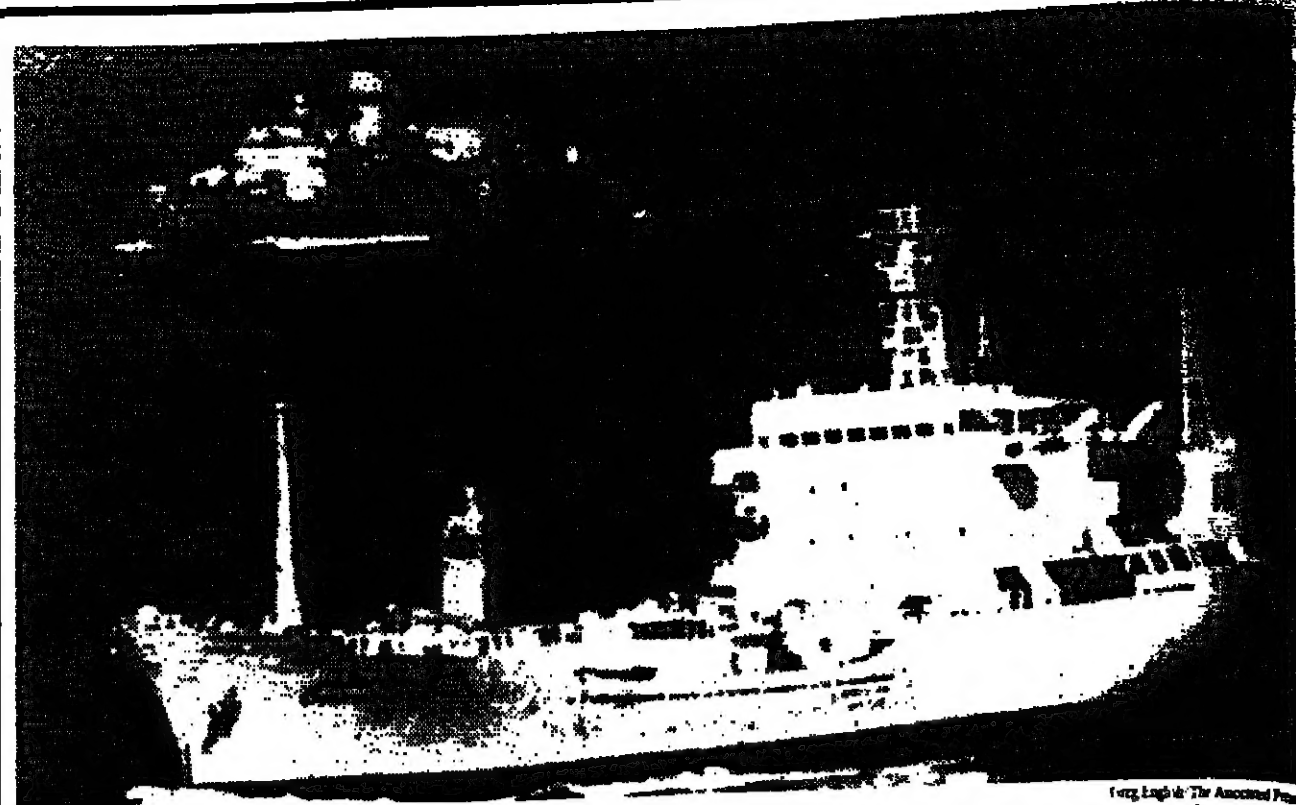
There is no reliable estimate of the Saudi population. Western diplomats in Saudi Arabia dispute the frequently cited official figure of 14 million. A Western envoy who asked not to be identified said there were "probably not more than six million native Saudis in the country and about four million expatriates, of whom half are Yemenis."

"What they are doing," the diplomat said of the Saudis, "is dangerous and almost suicidal, but since the invasion, this country has become either very brave or very emotional, or both."

Qatar to Form Romania Tie

Reuters

NICOSIA — Qatar said Monday it would establish diplomatic relations with Romania. Earlier this month Qatar established diplomatic ties with Hungary, Bulgaria and Czechoslovakia.



An Iraqi vessel, foreground, being tracked Monday in the Gulf of Oman by an American frigate after a boarding party found cargo aboard prohibited by United Nations economic sanctions. The Iraqi ship defied warning shots as well as orders to change course.

Allies Board and Divert Defiant Iraqi Freighter

Compiled by Our Staff From Dispatches

DHAHRAN, Saudi Arabia — Australian and American sailors on Monday stopped and boarded an Iraqi freighter that had ignored warning shots and orders to turn around, a U.S. Navy spokesman said.

The Iraqi vessel was stopped as it sailed toward the Arabian Sea. It had been followed by U.S. and Italian warships, said the spokesman, Commander J.D. Van Sickle.

The operation went smoothly, he said. At the White House, the press secretary, Martin Fitzwater, said the Iraqi vessel was

carrying steel and plywood to Yemen, in violation of the United Nations embargo.

The incident began Saturday, when U.S. Navy and Coast Guard inspectors boarded the freighter in the Gulf.

The ship agreed to turn back to Iraq because its cargo was prohibited under the sanctions, navy sources said.

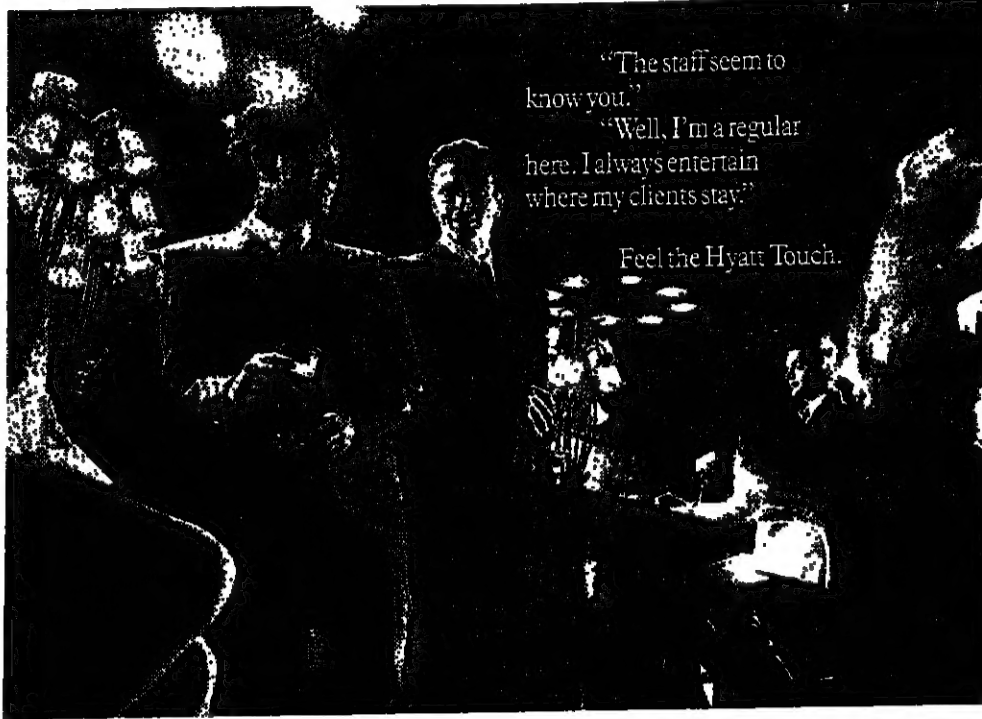
But the freighter continued to sail southward, despite the fact that the U.S. ship Sunday fired three separate volleys of warning shots from its deck and machine guns in

an attempt to again halt the vessel, the sources said.

The boarding team Monday included 15 men from the Australian missile frigate Adelaide and 11 from the American frigate Reuben James. Commander Van Sickle said.

Military sources here said it was likely that the ship would be impounded at a port in Oman or the United Arab Emirates.

The official Iraqi press agency, INA, asserted the ship was leased by a private fishing company and carrying fish from the Indian Ocean and African ports. (Reuters, AP)



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HOSTAGES: How Iraq's Leader Picks Who Will Be His 'Special Guests'

(Continued from page 1)

early days after it invaded Kuwait, the policy appeared to be a blanket one, at least as far as most foreigners who were not Arab or Asian were concerned.

But step by step, the Iraqi approach has been refined, to the point that Iraqi officials are being called upon to make fine distinctions about who can leave and who must stay, based as much as anything on ethnic factors.

The practice, with its distant echoes of pogroms, has raised feelings among Westerners in Baghdad to new levels of bitterness.

"The entire operation is barbaric, in the first place, because none

of these people has done anything wrong," said an American diplomat who visits the Mansour Media every day, looking for new American names to add to the list of "special guests."

"But by the way it's being handled now," the diplomat added, "they've raised things to a new level of malevolence. You have 'good' nationalities and 'bad' nationalities, with Americans being first among the 'bad' nationalities. But then you have 'good' racial stock and 'bad' racial stock, with the 'good' stock being people of Arab origin, and 'bad' being almost anything else."

Encouraged by peace groups in several European countries that

have assailed their governments for aligning themselves with the anti-Iraq alliance, the Iraqi government has taken to releasing small groups of hostages and hinting that more will be freed if their governments' stringencies toward Baghdad are relaxed.

One set of distinctions the Iraqis have been reluctant to make, so far, is one that involves the age and health of the hostages.

Mr. Hussein announced in late August that all women and children could leave. That has left about 8,000 men, predominantly Americans, British, Japanese, French, and Italians, but including at least a dozen other nationalities. Hundreds of these

are in their '50s and '60s, and some are ill.

At least one Englishman and one Frenchman have cancer, and one American has lost the sight of one eye since the Kuwait invasion. In at least three cases, and in those of at least 60 other Americans on a "sick list" kept by the United States Embassy, the Iraqis have refused positions for the men to leave.

The Englishman with cancer, Tony Wilbraham, who is staying in a Baghdad hotel with his wife, is said to have only a few months to live. Embassy officials fear that the American with the eye problem, who has been examined by Iraqi doctors but not by an American physician, could lose the sight in his other eye if he fails to get prompt attention in the West.

Others on the "sick list" include cases of recent heart surgery, of long-standing heart conditions, of diabetes, and of hypertension.

According to the British Embassy, the Iraqis brought an Iraqi doctor to examine Mr. Wilbraham, and told the embassy afterward that they were not convinced that his case was terminal.

The most crucial distinction the Iraqis have been making so far is between those hostages who are allowed to remain in Baghdad and Kuwait, many of them at their own homes or in hotels, and those who are rounded up for deployment in strategic sites. As far as Western diplomats can tell, the procedure is random. American engineers living in diplomatic homes in Baghdad go shopping or jogging, so far without being seized.

But when two American men went to an Interior Ministry office to help their wives obtain exit visas, they were promptly arrested, apparently to be deployed as human shields.

Diplomats who struggle with such problems have concluded that with all the rules the Iraqis claim to have drawn up for dealing with the hostages, random selection remains the guiding principle.

"When they occupied Kuwait, they threw away the rule book," a frustrated Western envoy said. "Now, they're making it up as they go along, and they don't particularly care what the world thinks of what they do."

He added: "But it's worth remembering that what foreigners are now subject to, Iraqis have been the victims of all along. All that happened is that foreigners are no longer exempt from the terrible arbitrariness of Saddam Hussein."

EUROPE: Bracing for New Wave MEAT: Cutting Close to the Bone

(Continued from page 1)

for the free flow of people, goods and capital by 1993. Governments fear that eliminating national barriers will encourage more foreigners to gravitate toward the higher wages and better living standards found in Western Europe.

"Racism is getting a lot worse in Europe because of rising immigration," said Glyn Ford, a British Labor Party member who did a study on racism for the European Parliament. "A new underclass is forming and we have got to find ways to prevent these people from being exploited once the single European market is created."

Among the study's recommendations was that a "European residents' charter" be drafted to allow immigrants who are legally residing in one country to have the same freedom of movement throughout the community, as do EC citizens. But it remains doubtful that all the member governments will approve the idea, fearing that they might appear too lax on immigrants.

Mr. Bieme, an authority on immigration who wrote a study of Muslim infiltration into French society called "The Islamic Suburb," noted that intolerance regarding

immigrants is not simply manifested along racial or religious lines.

He said German hostility toward Poles or Russians, or Germans from what was formerly East Germany, is often rooted in disdain for sloppy or less industrious work habits.

Mr. Etienne said that in the future he expects conflicts involving racial and religious differences between white Europeans and foreign blacks and Muslims, as well as tensions reflecting competition for jobs from skilled East Europeans. While noting that previous eras of mass migration in Europe, such as the 1930s, were rife with pogroms and other ethnic violence, he said he was optimistic that unrest could be avoided in the future.

But the European Parliament report offers a grim summary of a steadily increasing number of racial clashes throughout the community. The study also shows how the escalation of racial incidents coincides with the rising strength of rightist parties, which advocate anti-immigrant legislation. These parties are now represented in the legislatures of Belgium, France, Germany and the Netherlands.

(Continued from page 1)

Republic, which produces and consumes about half the country's meat. Mr. Yeltsin had already proclaimed that Russia would embark on a radical transition to the free markets, and he did not intend that his people set off on this journey with empty stomachs.

In September, Russia announced that it would not wait until January, but would pay farmers higher prices right away.

Delighted, Russian farmers began signing over their cows and chickens to Mr. Yeltsin. So did farmers from the neighboring republic, the Ukraine.

Incensed that Ukrainian meat was beginning to disappear over the border to Russia, the Ukraine promptly enacted a ban on the exportation of its meat.

Ukrainian officials say that Russia retaliated by cutting off oil supplies. Russian officials deny it, but stories of Mr. Yeltsin's revenge spread through the seven-hour lines at gas stations in Kiev.

September gave in and raised meat prices for all producers, effective Oct. 1. The increase amounted to about one-third — 5 billion rubles in the last quarter of the year alone.

Under the Golden Arches on Pushkin Square, the price of a Big Mac nearly doubled, to 6.95 rubles (about \$12.40 at the official exchange rate), roughly half a day's wage for an average worker.

But in state shops and canteens where most of the procured meat goes, retail prices remained frozen. Most of the 5 billion rubles in payments to farmers was simply absorbed into the state's already enormous budget deficit, which is cited as the most serious of the country's list of economic woes.

"I don't think anyone knows the real figure of the budget deficit," said Nikolai Y. Petrakov, Mr. Orbach's personal economic adviser, during a cigarette break on Saturday from the Kremlin debate on a new economic plan. "Everything has changed with the increase in procurement prices."

At a conservative estimate, the year's government budget deficit is at nearly 10 percent of the gross national product.

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"Punctuality", Louis XVIII was fond of saying, "is the politeness of kings."

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Consider, if you will, the motives of the collector who on October 15, 1989 bid at auction Sfr 880,000 (about \$600,000) for a Patek Philippe—the most ever paid for a wristwatch. He may have paid for its rarity, for its looks or for the complexity of

its movement. But we believe that he bid for the 52-year-old watch simply because it works perfectly and he expects it to continue to do so for future generations.

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May we turn your thoughts to the day you take delivery of your watch? We suggest you take advantage of the occasion to have the case opened and to examine the movement. You will notice the satin finish of the inside of the case, the delicate ribbing on the bridges, and the polished chamfer in the centre of each wheel. Borrow a watchmaker's eyeglass to admire the cut and polish of the ruby endstones, the perfection of each wheel and pinion. Your attention will be drawn to a small badge stamped on the mainbridge. The Geneva Seal—the highest possible attestation of fine watchmaking *fig. 5*.

Looks that speak of inner grace *fig. 6*.

When you order your watch, you will no doubt like its outward appearance to reflect the harmony and elegance of the movement within. You may therefore find it helpful to know that we are uniquely able to cater for any special decorative needs you might like to express. For example, our engravers will delight in conjuring a subtle play of light and shadow on the gold case-back of one of our rare pocket-watches *fig. 7*. If you bring us your favourite picture, our enamellers will reproduce it in a brilliant miniature of hair-breadth detail *fig. 8*. The perfect execution of a double hobnail pattern on the bezel of a wristwatch is the pride of our casemakers and the satisfaction of our designers, while our chainsmiths will weave for you a rich brocade in gold *figs. 9 & 10*. May we also recommend the artistry of our goldsmiths and the experience of our lapidaries in the selection and setting of the finest gemstones? *figs. 11 & 12*.

How to enjoy your watch before you own it.

As you will appreciate, the very nature of our watches imposes a limit on the number we can make available. (The four Calibre 89 timepieces we are now making will take up to nine years to complete). We cannot therefore promise instant gratification, but while you look forward to the day on which you take delivery of your Patek Philippe *fig. 13*, you will have the pleasure of reflecting that time is a universal and everlasting commodity, freely available to be enjoyed by all.

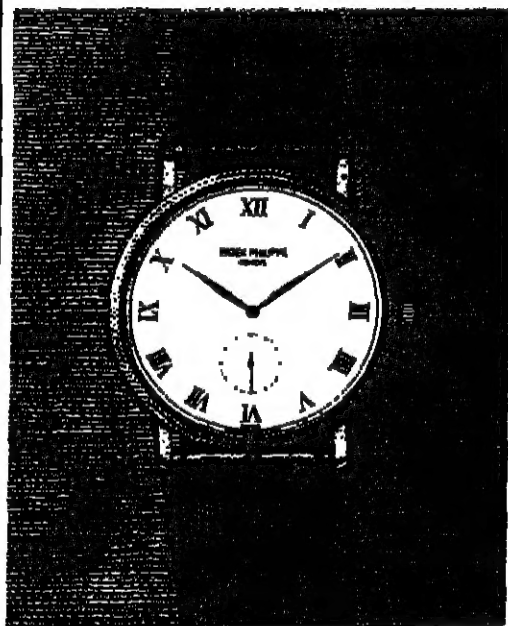


fig. 1: The classic face of Patek Philippe.



fig. 2: One of the 33 complications of the Calibre 89 astronomical clock-watch is a satellite wheel that completes one revolution every 400 years.

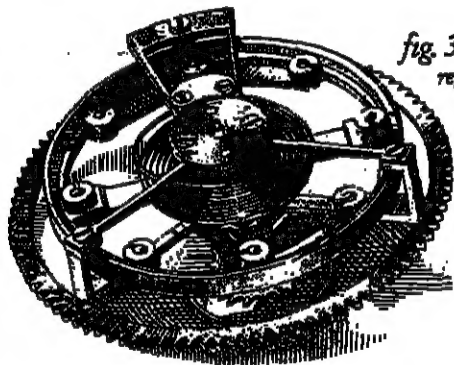


fig. 3: Recognized as the most advanced mechanical regulating device to date, Patek Philippe's Gyromax balance wheel demonstrates the equivalence of simplicity and precision.



fig. 4: Complicated wristwatches circa 1930 (left) and 1990. The golden age of watchmaking will always be with us.

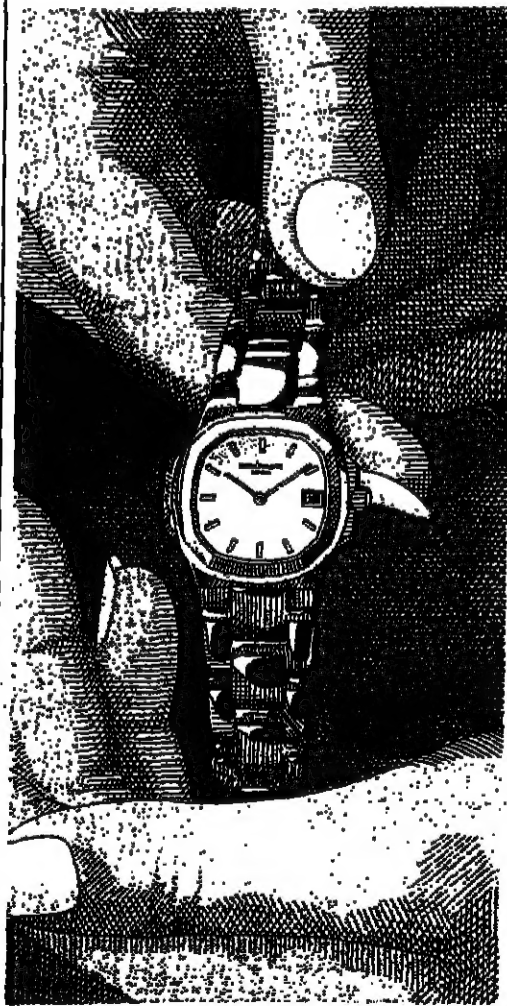


fig. 6: Your pleasure in owning a Patek Philippe is the purpose of those who made it for you.

fig. 5: The Geneva Seal is awarded only to watches which achieve the standards of horological purity laid down in the laws of Geneva. These rules define the supreme quality of watchmaking.

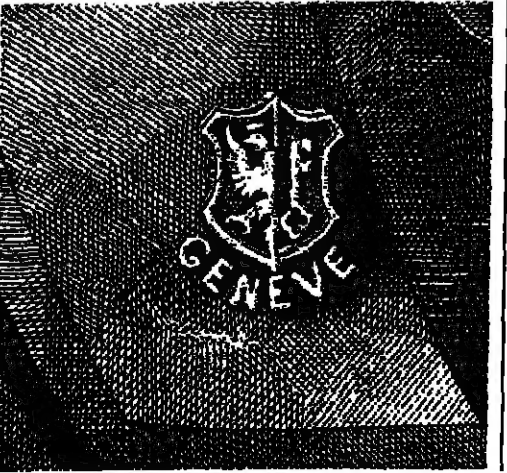
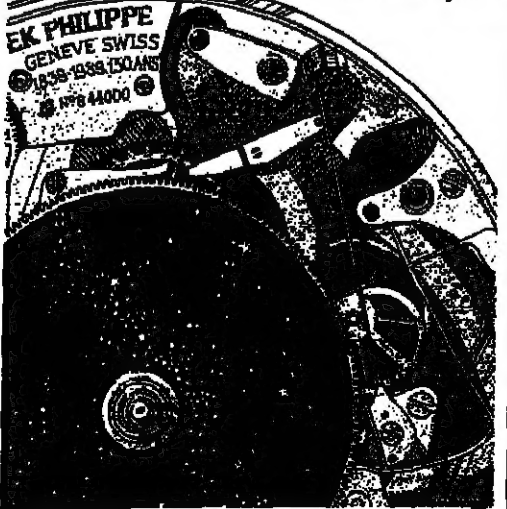


fig. 9: Harmony of design is executed in a work of simplicity and perfection in a lady's Calatrava wristwatch.

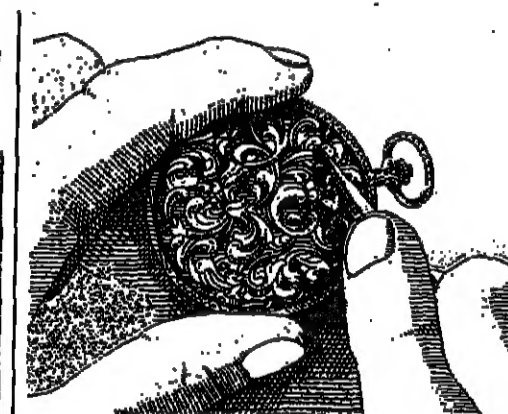


fig. 7: Arabesques come to life on a gold case-back.

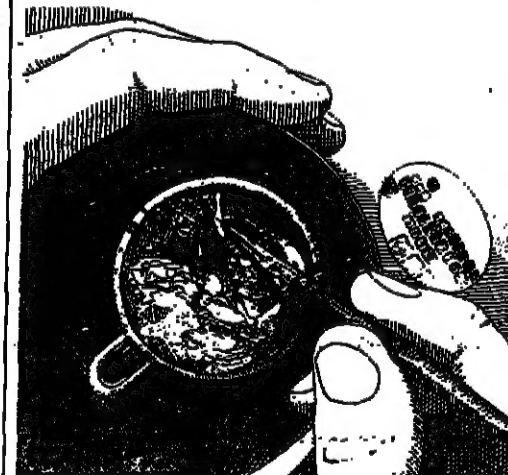


fig. 8: An artist working six hours a day takes about four months to complete a miniature in enamel on the case of a pocket-watch.

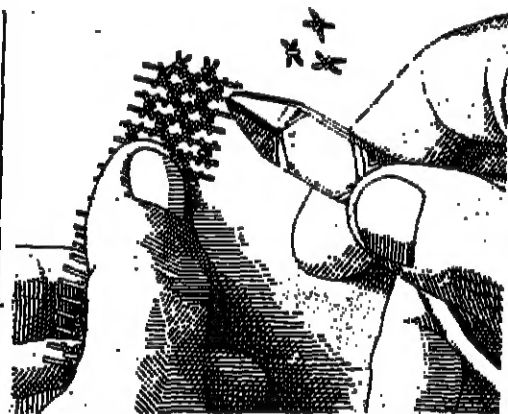


fig. 10: The chainsmith's hands impart strength and delicacy to a tracery of gold.



fig. 11: Circles in gold: symbols of perfection in the making.

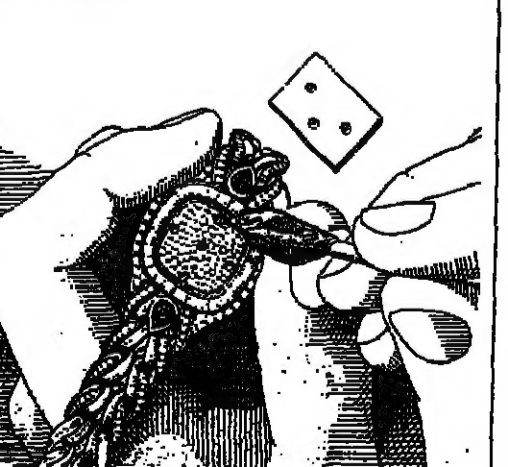


fig. 12: The test of a master lapidary is his ability to express the splendour of precious gemstones.

**PATEK PHILIPPE
GENEVE**

fig. 13: The discreet sign of those who value their time.

Those who wish to take a more detailed interest in the watches of Patek Philippe may acquire for their libraries Patek Philippe's books on the matter. For a catalogue and order form, please write "catalogue" on your visiting card and send it to Patek Philippe, 41, rue du Rhône, Geneva, Switzerland.

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Germany and Japan, Too

Global Police Recruits

There is rising sentiment in Germany and Japan, the hated Axis of World War II, to send troops abroad again. But this time it is in the cause of peacekeeping. Should the two countries amend their constitutions so that they can help in situations like the Gulf crisis? Short of that, should they enact laws permitting a noncombat role? The answer is not easy. War memories linger. Few countries are eager to open doors for such powerful, competitive nations. Yet it is hard to imagine future collective security and peacekeeping operations without them.

To sustain such operations requires nations with worldwide interests, money and manpower, and there are not many. The list always comes down to the United States, Britain and sometimes France and Italy, in conjunction with a regional state or two. It is only a matter of time before Americans tire of such a lonely and costly role—and ask, with rising impatience: When will Bonn and Tokyo start carrying their share?

In short, it is likely that future peace operations will depend on the participation of the Germans and Japanese. Many of their leaders understand that and are already calling for constitutional changes.

Gerhard Stoltenberg, the German defense minister, says it is "unsatisfactory" for German forces to be restricted to the territory of the North Atlantic Treaty Organization. Prime Minister Toshiki Kaifu of Japan has gone further. His cabinet favors legislation that would permit thousands of soldiers to serve behind the lines in Saudi Arabia. But a divided parliament has to approve a step that many Japanese view

as a slippery evasion of the constitution. The first issue for Bonn and Tokyo is how to participate. Mr. Kaifu proposes economic support plus a noncombat role. It goes without saying that countries as wealthy as Japan and Germany should contribute aid. And while noncombatant status might pass muster with their left-wing parties, it will not wash in the United States. Genuine collective security has to mean that Tokyo and Bonn are prepared to fight as well as to finance.

The second issue is the constitutional basis for participation. Should they be able to dispatch forces unilaterally? Probably not. The right to unilateral action seems a step beyond what their own political constituencies desire and too much for their anxious neighbors to swallow all at once. What about limiting themselves to sending forces only if specifically authorized by the United Nations? That is too restrictive. It would preclude sending German and Japanese forces to the Gulf today, or in similar situations. Perhaps the least troublesome approach would be constitutional changes permitting force deployments abroad only as part of collective security and peacekeeping operations. That would reduce the chances of unilateral action, or inaction. It would also integrate German and Japanese forces into a larger multinational force.

Both nations have matured as democracies, and as responsible international citizens. They already play full and vital roles in virtually every sector except collective security. Now, in the post-Cold War era, they are both needed to make collective security viable, and collective.

—THE NEW YORK TIMES

Proceeding Carefully

Even as a newly reunified Germany assures its anxious neighbors that it will never again throw its military weight around, a crisis breaks out in the Gulf and calls are heard, in the name of burden sharing, for a German Gulf role. Essentially the same pattern is duplicated in Japan, the other principal Axis power defeated in World War II. Like Germany, the wartime victors wrote for Japan a postwar constitution and imposed a postwar policy limiting its military strength and reach. But, also like Germany, Japan has become an economic dynamo and is being called upon to support the United States in the Gulf in a way reflecting the great benefits it has received from the international system since the war.

In Germany, Chancellor Helmut Kohl has been struggling to fit his country's immense new regional burdens—reunification plus leading the revival of the whole Eastern bloc—to the latest appeals to Gulf aid. He has refused to send troops on grounds that the German constitution prohibits stationing troops outside the NATO area. Some scholars say that no constitutional change is required for Germany to join a NATO or United Nations enterprise, but still Mr. Kohl is wise to proceed carefully. Germany and its friends can use the time to sort out the new shape of things. Meanwhile there are other ways Germany can

demonstrate solidarity in the Gulf. Picking up a larger share of the costs makes sense. Tightening lax export controls is essential to prevent any other marauding state from reaping benefits, as Iraq did, from Germany's industrial prowess.

Japan was already caught up in a difficult effort to determine a world role suitable to its economic power. Its dependence on Gulf oil sharpens the issue. Even more than Germany does Japan smart under the label of "free rider." Yet a military response is bound to ignite deep apprehension among the many people in Japan and across Asia who fear any impetus, even the most worthy, to anything beyond a strictly defined self-defense role. Prime Minister Toshiki Kaifu has proposed sending support troops in a so-called United Nations Peace Cooperation Corps to provide noncombat aid. The proposal has stirred controversy, and no early disposition of it is expected. Meanwhile, Japan is in a position to send more aid in useful conventional categories.

The Cold War obviated an expanded foreign role for the defeated Axis powers. The end of the Cold War brings this question jarringly to the fore. Germany and Japan are now restored as international powers, but they come to that status trailing an unforgettable history. It complicates their and others' consideration of their future. It also assures that essential questions will be asked.

—THE WASHINGTON POST

A Forced Free Market?

The biggest news in Mikhail Gorbachev's newest economic reform plan may not be economic at all but political. What started out as a 500-day plan to overturn communism and install capitalism is now an 800-day plan without deadlines or even a timetable. And his program makes clear that he is ready to rule by decree, if necessary, to restore order and compel change.

The title of his plan, which the Soviet parliament has endorsed, puts first things first: "The Main Directions for the Stabilization of the People's Economy and the Transition to a Market Economy." As the apparatus of command breaks down and the Soviet economy teeters on the edge of collapse, Mr. Gorbachev understandably wants to put goods on store shelves. But decrees are not likely to do that. This could become a tough winter indeed for the Soviet Union, and Americans may wind up not only as concerned observers but also as participants.

Everywhere in the Soviet Union, people talk about the pace of reform. Some republics, like Russia and the Baltics, want to move fast; others, like Kirgizia and Turkmenia in Central Asia, oppose haste. But the real struggle is over control. Mr. Gorbachev would keep authority over banking, transportation, communication and foreign trade, all critical to economic change. Boris Yeltsin and others would devote it to the republics.

As they grapple, the ramshackle Soviet economy is buckling. Individuals and enterprises, lacking incentives to produce, stop working. Hoarding, hijacking, strikes and blockades keep goods from getting to market. And governments at all levels try to hold onto food and fuel. That is why Mr. Gorbachev got the parliament to strengthen his power of decree. His proposal says: "Transition to market relations and their effective functioning are possible only under conditions of a strong and clearly organized state power."

He also declared: "In the first instance, it is necessary to use to the maximum the special powers granted recently to the president by the Supreme Soviet." In Moscow there is serious talk of martial law. Mr. Gorbachev may try to use troops to open

blocked roads and railways, break up strikes and compel goods to come to market. But it is a contradiction for him to take command of markets. The same apparatus who have tried to strangle economic reform may use his special powers to perpetuate theirs. And he would do well not to invoke martial law against rebellious republics. From Lithuania to Azerbaijan, wherever troops have been called out they have only inflamed nationalism.

Americans understand the need for federal intervention in an economic emergency. U.S. presidents intervened when coal, steel or rail strikes threatened to shut down factories and chill homes. But force cannot hold the Soviet Union together; only functioning markets can.

The bitter question remains: Can Mr. Gorbachev force goods to market before privation drives Soviet citizens to fury? That is where America might come in. Timely aid from abroad in the form of food and fuel could ease his predicament. That is something for Western governments to plan for now, before the Soviet winter.

—THE NEW YORK TIMES

Other Comment

A Nightmare Without End

Will Lebanon ever awaken from its bloody nightmare? The savage assassination of Dany Chamoun and his family only days after the summary execution of dozens of General Michel Aoun's comrades-at-arms augurs badly for the reconciliation that is the last hope of a people exhausted by war. The "new dawn" promised by President Elias Hrawi after the rebel general's fall looks dark indeed.

The Lebanese government committed a terrible error by not moving sooner to protect one of the country's most threatened men. The massacre of the Chamouns is above all a warning to the Maronites. The ferocity of the attack was clearly aimed at breaking the Maronites' morale.

—Le Monde (Paris)

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He Would Be Wrong To Make War Alone

By Anthony Lewis

NEW YORK — The Constitution supposes, what the history of all governments demonstrates, that the executive is the branch of power most interested in war, and most prone to it. It has accordingly with studied care vested the question of war in the legislature.

—James Madison, in a letter to Thomas Jefferson, April 2, 1798.

Around Dec. 1, according to the experts, the United States will have

The American people, through their representatives, are entitled to weigh the costs of war.

in place in Saudi Arabia the military forces and equipment that the Pentagon believes would be required for an attack on Iraq. By then also, if Saddam Hussein has not withdrawn from Kuwait, there will be pressure to act militarily before political support for President George Bush's policy fades.

War is on the horizon. Sensing that possibility, senators of both parties told Secretary of State James Baker last week that Congress should be asked first to declare war. Mr. Baker refused to give that assurance.

Before the United States goes through another traumatic conflict about the war-making power, the president and Secretary Baker should think more carefully about their real interest. For it lies, in this instance, in shared responsibility for any military action: shared with

Congress and with the United Nations Security Council.

President Bush has shown skill and patience in obtaining the Security Council's support for successive measures against Iraq. That policy has greatly strengthened the effort to make Saddam Hussein disgorge Kuwait. To act militarily now without Security Council authorization would be dubious legally. Abram Chayes of the Harvard Law School argues in a paper on the issue that the United States has taken the matter to the council and, since the council has acted, is committed to that forum by the UN charter.

In any event, practical considerations strongly argue for seeking Security Council approval for military action. It would be folly to act without the approval of those who have joined America in the UN effort. The first consequence, Mr. Chayes notes, "would be to shatter the international consensus that has so far given legitimacy and strength to the enterprise."

If the United States does act through the Security Council, Mr. Bush should still go to Congress. The reasons for saying that are found in history and politics.

In 1950, Harry Truman acted through the UN Security Council to resist the North Korean invasion of South Korea. He did not ask Congress for a declaration of war, or even an approving resolution. He was advised that none was needed, because Congress, in ratifying the UN charter, had authorized presidents to take military action under it.

Political disaster resulted. Members of Congress, sharing no responsibility, were free to attack the

OPINION



war as unauthorized when it went badly. They called it "Truman's war." The political instinct, if nothing more, should make George Bush beware of repeating that history.

But what about the element of military surprise? Mr. Baker said a commitment to go to Congress first might deprive the president of the ability to act quickly.

If Saddam Hussein takes some provocative action, through his own forces or through terrorists, there would truly be no difficulty in going to Congress. Mr. Bush would be in the position of Franklin Roosevelt after Pearl Harbor, asking for a declaration of war on an aggressor.

The more likely prospect is that Saddam will avoid provocations. Then, if Mr. Bush decides that military action is unavoidable, by going to Congress he would effectively serve an ultimatum on the Iraqis.

Going to Congress would indeed deprive the president of the ability to make a surprise attack. But such an attack might have terrible consequences on the U.S. position in much of the world.

Suppose Congress was asked to declare war and said no? The answer is that that risk is the price of living under the American constitutional system. And presidents ignore the rules at their peril, as Korea and Vietnam showed.

A war in the Gulf would not be easy; it would not be Grenada. On the other hand, the cost of failing to undo Saddam Hussein's aggression would be high—in the devastation of Kuwait and the precedent for other aggressors. The American people, through their representatives, are entitled to weigh the costs—entitled by the Constitution.

The New York Times

Is the U.S. Mission to Win or Merely Not to Lose?

By William Safire

HARPER'S FERRY, West Virginia — Mission determines strategy. The recent public television series on the American Civil War was flawed by a misperception held by many historians: that the Union's General George McClellan agreed with President Abraham Lincoln's mission of winning the war by destroying the Confederate Army.

By ascribing the military failures of the war's first two years to McClellan's timidity, the series absolved Lincoln of blame for horrendous military blunders. That made generals with the killer instinct—the North's Ulysses S. Grant and the South's Robert E. Lee—look all the better.

McClellan—the "Young Napoleon"—was surely cocky, insubordinate and cautious to a fault, but he did not lose great battles. In fact, after one of the yes-jens Lincoln preferred as general was routed at Second Manassas, Little Mac was called on to reorganize the defeated army and stop General Lee's invasion of the North.

At Antietam's blood-soaked creek, McClellan stopped Lee and for the second time saved the Union from defeat. But for failing to then destroy Lee's army he was fired as commander; that led to the defeat of the insecure General Ambrose Burnside at Fredericksburg and the incompetent General Joseph Hooker at Chancellorsville.

Yet Lincoln was not wrong to fire his best

general. Because their political goals differed, their military strategies could never be reconciled. Lincoln's goal was to win the war and thereby to crush any possibility of secession. McClellan's goal was to deny victory to the South, and then to settle the war on the basis of "the Union as it was"—no secession, but with slavery permitted to continue in the South, which had been Lincoln's platform. He infuriated Lincoln by putting off peace feelers during negotiations for prisoner exchanges that might have led to peaceful separation.

The mission of peace with or without union led to McClellan's "sloths" and permeated his strategy of fighting to compromise. The end of his war, and that of the Peace Democrats who nominated him to oppose Lincoln in 1864, would be reconciliation with slavery or peaceful separation.

Lincoln's strategy—to take casualties as needed to wear down a smaller enemy—was rooted in his mission: not to be forced to settle, but to win. The end would be victory, the principle of majority rule—and, as a moral and diplomatic means to that end, emancipation of the slaves. Mission determines strategy. That is why McClellan fought not to lose and Lincoln fought to win.

Without suggesting that the war to come in

Iraq is as central to America's identity as the Civil War was, let us apply that principle to the union of armies now massed in Saudi Arabia.

If the mission were merely to protect oil supplies and get Saddam Hussein to withdraw from most of Kuwait, the current strategy of economic blockade and military readiness would be consistent with that goal. Such a McClellan-esque mission—averting defeat, seeking to settle—is held by the Soviet Union and France. Iraq's longtime preeminent arms suppliers. It permeates the seventh floor of the U.S. State Department.

The Primakov mission, clearly an effort by Moscow to reach an accommodation, undercuts the formerly united front's decision to refuse negotiation until the aggression is reversed.

If the purpose, however, is to remove the danger of a power-crazed dictator, already the instigator of a million deaths, who is known to be in the process of developing nuclear missiles capable of destroying any city in the world—then containment would be prelude to a bloodier disaster. Collective security would be dead.

Some find that nuclear danger alarmist, two or three years away, and insist that "it can't happen here." But with the onrush of available technology, the dictator's demonstrated willingness to use weapons of mass destruction and America's lack of an anti-missile shield—prudent people conclude that it can happen here. Nuclear weaponry is a great superpower equalizer; in the hands of a ruler undeterred by the certainty of retaliation, it shifts the balance of terror.

The cancer is about to metastasize and we hold the scalpel in our hand. The mission is to be decided on the basis of an assessment of risk: If Saddam Hussein does not threaten us, our strategy should be to squeeze and settle; if he does, we should strike to save millions of lives.

General McClellan lives; we hear his counsel of delay in Moscow, in Paris, in the seventh floor of the State Department. Does the man in the White House now sense the mission of protecting freedom in the future? If so, the painful, disorienting strategy becomes clear. Send for General Grant.

The New York Times

A President Exposed for Lack of a Prime Minister

By Jim Hoagland

ROME — Viewed from Europe as the stands amid the wreckage of the American budget "process," George Bush resembles the working woman who hasn't yet realized that what she needs is a wife.

President Bush has no one to handle the necessary but tedious everyday tasks at home while he is out building the new international order. There is no one to skin the fish, to strike the unsavory deal with Danny Rostenkowski & Co. while the president sells Mikhail, François and Fahd his Made-in-USA blueprints for the global future.

Europeans will tell you that a serious and busy man like Mr. Bush needs a prime minister, a trustworthy political helpline to govern while he rules. As things now stand, the president lacks a shield, or rather a light, to protect him during the trying times when citizens run out of patience with those "politicians" who only yesterday were "statesmen" with 75 percent approval ratings.

The argument for a prime minister for Mr. Bush is instructive not because it has any chance of being adopted in the American system but precisely because it does not. Americans want to have their president and eat him, too. They want to be able to indulge in political cannibalism when things get a little desperate on the raft. They want to point at the one

who has to go first because he alone is responsible for what has gone wrong. Europeans divide the responsibilities of a head of state and the head of government as a general rule. The president or monarch husbands a reserve of national respect and authority to be drawn on in moments of crisis. In contrast, Americans seem instinctively to shy away from any system that would guarantee respect for a particular government or set of politicians.

Consider France, where President François Mitterrand's regime last week faced a situation not totally unlike the one confronting Mr. Bush—a lack of votes in parliament for a budget that would raise taxes. But when Mr. Mitterrand summoned a meeting to a press conference, the journalists questioned him only about foreign affairs—letting him deftly display his knowledge of obscure places and leaders and identify himself with France's interests on the world stage. Nothing was asked about taxes, spending or parliamentary nose-counting.

Those are tasks for Prime Minister Michel Rocard, whom Mr. Mitterrand leaves to clean the fish of domestic policy while he plays the violin of grand strategy. In France's Fifth Republic, the prime minister is there

to be shot (politically, that is) if things go wrong, while the president guards the nation's place in the world. The reservoir of respect stays intact as long as the European head of state plays by the rules of the game. Europeans do not expect the monarch or the president to be personally responsible for the price of gasoline and unpopular when it goes up.

Mr. Bush's observation of how much he enjoys the presidency's foreign policy components and disdains the rest shows that he is in the right job but the wrong country.

Americans insist that their national leader be a man of all parts. And until the collapse of party and congressional discipline, most presidents insisted on that arrangement as well. Now a president has so few sticks and carrots with which to influence individual members of Congress that domestic policy has become a mug's game.

Carrots and sticks have disappeared with the collapse of party discipline and the committee assignment system in Congress. Worse, everybody in the country knows that Congresspersons can no longer go home and tell their constituents that they had to go along on an unpopular decision for a greater good.

The American system has lost the national alibi, the thing the French call *raison d'état*: the sacrifices that individuals and political entities have to make for the good of the system and the nation.

Much has been made during the American budgetary fiasco of Mr. Bush's spinelessness at key moments and the taxpayers' selfishness in refusing to pay for government services—and rightly so. But juxtaposing American attitudes toward their leaders with the European experience suggests that something else is at work as well: It is the essential distrust by Americans of governments of all kinds.

Americans have come to doubt

that their government will spend their taxes efficiently or wisely, whether on a national health plan or desert warfare. The disaster of American schools and Vietnam have contributed to deepening a natural, healthy skepticism into an active, corrosive distrust of government that threatens national paralysis.

The budget fiasco shows that the reservoir of respect is empty in America. Beyond this imbroglio should lie a rethinking of national political institutions for the 21st century. Europeans I have talked with in the past two weeks question not the weakness or whimsicalness of Mr. Bush the leader but of the American system as a whole. Given the performance they have seen, it is no wonder.

The Washington Post

100, 75 AND 50 YEARS AGO

1890: Mad England?

PARIS — Trade unions, strikes and combinations are rapidly bringing things to a pretty pass in England. Threatened on every side as English commerce is by increasing foreign competition and hostile tariffs, the working classes seem to have nothing better to do than to cripple their own industries and drive customers away from their doors. Bishop Berkeley used to contend that it was quite possible for whole nations to run mad. When we look at what is going on in England, we sometimes cannot help thinking he was right. All the "statesmen" are floundering in the Serbianian Bog of Irish politics.

1915: Turkish Threat

PARIS — In reply to the threats published in the Ottoman press relative to a new Turkish expedition against Egypt, Sultan Hussein has offered, says a Cairo message, to raise an army of 500,000 to repulse the invaders.

The World Watches Liberia Die

By Holly J. Barkhalter

WASHINGTON — The human rights crisis enveloping Liberia is reminiscent of the horror of Cambodia under Pol Pot. Atrocities by government and rebel forces have killed tens of thousands of Liberians. More than a quarter of the population has fled the country, and an additional half million civilians have been displaced within Liberia. At least 80,000 citizens are starving in Monrovia, the capital. Yet the international community, taking a cue from the United States, has dismissed Liberia's agony as an "African problem."

The destruction of Liberia has been accomplished with breathtaking speed. But problems stemming from the corrupt and brutal dictatorship of Samuel Doe had been brewing since he seized power. For 10 years Mr. Doe inflamed ethnic tensions by packing the army with members of his ethnic group, the Krahn, and encouraging the repression of other groups.

Nine months ago the rebel leader Charles Taylor organized hundreds of fighters into the National Patriotic Front of Liberia, or NPFL, and launched an armed rebellion. Mr. Doe's army responded with ferocity, slaughtering thousands of Mano and Gio civilians who were thought to support the rebels. The scope of the army's violence aided the rebels immeasurably; within a few months, rebel soldiers numbered about 10,000. Many new recruits were Mano and Gio survivors of attacks by Mr. Doe's rampaging troops.

By June, the NPFL was able to take vengeance, committing atrocities against Krahn civilians. In October, just a month in the Ivory Coast, Liberian refugees described rebel attacks on sleeping villagers, the torching of huts, and indiscriminate murders. Many refugees had seen rebel fighters order Krahn men to speak the Mano or Gio language; when they could not, they were killed.

With Mr. Doe's murder by the breakaway rebel leader Prince Johnson last month, the remaining Krahn are fleeing for their lives. Nearly 30,000 of them are now refugees, and the 40,000 to 50,000 remaining in Liberia are at risk of genocide.

The Liberian army chief of staff, General David Nimmley, has pronounced himself Mr. Doe's successor, and the remnants of the Liberian army are running amok in Monrovia, looting, burning and killing.

The world appears to be waiting for the United States to lead the way to a solution. U.S. policy has been to offer the Economic Community of West Africa, or ECOWAS, which sent a peacekeeping force to Liberia in late August. These troops, mostly Nigerian and Ghanaian, have been unable to protect and feed Liberian civilians or stem the benchmark of refugees. Moreover, ECOWAS has now taken on more than a peacekeeping role; it has credible reports that the ECOWAS contingent is fighting alongside remnants of the Liberian army and Prince Johnson's troops against the NPFL.

An African solution to the Liberian nightmare is desirable, but it is unreasonable to expect ECOWAS to struggle alone with a disaster of this size. The international community has an obligation to engage in extraordinary efforts to save lives, and to aid the thousands of victims. The United States and its allies should call on the UN secretary-general to appoint a high-level special representative on Liberia.

The UN special representative, in addition to seeking a peaceful solution to the crisis, should coordinate a huge feeding effort to save noncombatants trapped in Monrovia and to stanch the flow of refugees. Only the arrival of boatloads of food can prevent mass starvation. The U.S. and other governments have done little to alleviate the human costs of their past support for the abusive Doe regime.

The international community must also do much more to assist Liberian refugees in the Ivory Coast, Guinea and Sierra Leone. Villagers in those countries have received the starving and terrified Liberians with humanitarian generosity, but food is in short supply, and blankets, soap and medicine are nonexistent in many areas.

In September, the UN Disaster Relief Organization appealed for \$5 million for Guinean villages; not a single international donor has responded.

Fifteen years ago the world sat on the sidelines while Pol Pot turned Cambodia into a vast killing field. The international community now watches as Liberia faces catastrophe. It is past time for a different approach.

The writer, Washington director of Human Rights Watch, contributed this to the International Herald Tribune.

LONDON — Great Britain is negotiating with the Irish government in Dublin for a large-scale exodus of women and children from London and other bomb-torn areas to Irish soil after suspension of evacuation to the United States and Canada, if it is revealed last night (Oct. 22) Prime Minister James Doyle of neutral Eire was said to have taken the initiative in the plan immediately after the U-boat torpedoing a month ago of the British refugee liner City of Benares, en route to Canada, with the loss of 250 lives. Dublin authorities were said to have estimated that homes could be found in the twenty-six counties for 25,000 British women and children before Christmas. De Valera, summoning his ministers into conference after the City of Benares disaster in the Atlantic, was quoted as saying: "Can't Eire do something to help the mothers and children of bombed Britain?" —From the New York edition of the New York Herald Tribune.

OPINION

Depressing Developments Now for Californians, Too

By George F. Will

LOS ANGELES — Unaccustomed to the bludgeonings of fate, California, which for so long has been America's beckoning horizon, is now, like the rest of the nation, experiencing life as ODTAA — one damned thing after another. The electorate's reaction to an intensifying deluge of depressing developments will decide California's gubernatorial election. On that election will turn not only the future of the California nation-state (a GNP soon to be larger than those of all but four countries) but also of America. The state's buoyancy, sustained by belief in "California exceptionalism" —

The voters' choice next month for a governor to cope with all this matters also to the other 49 states.

faith that problems crossing the continent from the decadent East will die in the desert somewhere east of Bakersfield — is fading. Two items, culled from much news, tell why.

During the Depression the migration of Oklahomans to California produced John Steinbeck's "Grapes of Wrath." Now Oklahoma has opened an Orange County office to lure California businesses burdened by congestion, high housing costs and other consequences of galloping growth. (Southern California's typical house costs 215 percent of the national average. In 1986 the median price of a new detached house was \$152,000. By mid-1989 it was \$369,000.)

An environmental agency regulating the Los Angeles basin's 14.5 million residents (more than in any state but New York and Texas) proposes banning some backyard barbecue equipment (lighter fluid, pre-soaked briquettes) that on a summer day produce four tons of air pollutants. Scarcity — fiscal (tax revenues) and social (housing, highways) and natural (clean air and, after four dry years, water) — is everywhere.

In the 1980s, California got one-quarter of the nation's population growth. It was as though all North Carolinians (5.8 million) moved. In forty percent of America's population growth was from foreign immigrants, and one in four became Californians. Today California is growing by 700,000 (a South Dakota) a year, but commensurate economic growth, something previously taken for granted, no longer can be.

One-fifth of Southern California's GNP depends directly on defense spending. By 1988, one-fifth of the defense budget was spent here, sustaining 10,000 subcontractors. The search for affordable housing has caused many people to commute more than 100

miles round trip for jobs that now are vanishing. "Oklahoma or bust?"

The voters' choice next month for a governor to cope with all this matters also to the other 49 states. The choice between the Republican, Senator Pete Wilson, and the Democrat, Dianne Feinstein, two 57-year-old former mayors (he of San Diego, she of San Francisco), will be the most important non-presidential election of the first half of the 1990s because it may decisively influence the 1992 presidential election.

Democrats, losers of five of the last six and seven of the last 10 presidential elections, probably cannot realistically hope to win the White House without winning California. This is so because Republicans are overwhelmingly favored to carry 147 Southern and San Belt electoral votes. If Republicans also carry California's new total of 54 (20 percent of the 270 needed), then Democrats must carry 80 percent of the remainder, an insuperable challenge. Thus whichever candidate wins three weeks hence will instantly become what athletes call an "impact player" in the game of presidential politics.

Furthermore, this gubernatorial election will decide which party does the gerrymandering to add California's seven congressional seats. (The loss will come from three Democratic target states: New York, Pennsylvania, Illinois.) California in the 1990s will have a larger percentage of the House of Representatives (12 percent) than any state since New York (13 percent) in the 1860s. Even if Mr. Wilson winds up in Sacramento to do unto Democrats what they did unto Republicans a decade ago (capturing perhaps 10 seats by drawing district lines), that will not guarantee Republicans the ability to wrest control of the House of Representatives. But if Mrs. Feinstein does the drawing, the year 2000 almost certainly will be the 46th consecutive year of Democratic control of the House.

The prodigious stakes of this election, as well as the inherently superior satisfactions of executive power, explain why 14 of the 16 former governors — of both parties — currently serving in the Senate counseled Mr. Wilson (when he asked) to make the race. So now, at the end of a campaign day, his voice, like the rest of him, seems worn, as who would not be in a fourth consecutive year of virtually constant campaigning. (He waged a two-year campaign for re-election to the Senate in 1988.)

So far, he is winning. The latest Field poll shows him ahead by five points, to which he says another three should be added because the poll sample was not weighted to reflect opinion of those most likely to vote.

The dynamics of this race will be discussed in a subsequent column. *Washington Post Writers Group.*

Premonitions of Depression

By Anna Quindlen

NEW YORK — When Americans look back on the depression of the 1930s, what we will remember is the denial. Not simply the semantic denial, the absence of the D word, the vocabulary lingo of recessionary this and downturn that. We will remember the years when we tried to pretend that nothing was wrong, that everything was as it had been.

Last month on the commuter train a man in a blue suit and red foulard dropped his briefcase. It popped open and spewed forth a folder

MEANWHILE

full of perfect résumés. The look on his face would have turned warm water to ice cubes. Thousands of jobs lost at the bank; 15,000 jobs threatened in the city. If depression is, as the dictionary says, "a lowering of vitality or functional activity," then we are in one.

The salvation in the Great Depression, or so I am told, was the sense that we were pulling together. For those in trouble in recent years, the poison has been the isolation, the sense of being the lone diminished American in the land of boho birthday parties and leveraged buyouts.

But even the lucky ones knew that this time was coming. Like characters in an Ayn Rand novel, we felt it in the '80s, all the small awry things that gave a jerry-built feeling to the helium real estate boom and the feeding frenzy of the 27-year-old art collectors. Unlike an Ayn Rand novel, no hero has arrived, with mythic shoulders and a Gary Cooper profile.

You can feel the bad times to come in the documentary that Barbara Kopple has made about the meatpackers' strike that paralyzed

Austin, Minnesota, in 1985. It is rare that I cry at documentaries, but "American Dream" is painful to watch, like looking at a train speeding down the track. Part of the pain is knowing that the train is going to run right into these decent people, all these hardworking women with trivets on their walls and dried flowers on their kitchen tables, all these hardworking men with plaid shirts and billed caps.

Part of the pain is thinking the train is someday going to hit you.

The people at the Hormel plant believed in a certain kind of America. They went on strike because the company wanted to cut wages to stay competitive. "It's ridiculous," one man says at a meeting in the beginning of the film, clutching pay stubs that show his weekly gross has gone from \$637 to \$490 to \$312.

Some of these were second-generation meatpackers, and from their earliest years they had known certain truths: that the union was their strength, and that the company needed their labor as much as they needed the company's money.

The truths were false. Five months after the strike began, when the sunbaked and the spirit of August rallies had given way to snowbound picket lines illuminated by trash can full of blazing logs, the strikers stood and yelled "scab" as 2,000 people applied for their jobs. Some of those who came had not worked for years, and any shame they might have once had about crossing a picket line had evaporated with their incomes.

In one scene in the film, two workers go to the big white house of the chief executive officer. And from behind the opaque safety of the screen his wife harangues them about how many people would be happy to have their jobs, even at a cut rate. The hard thing about watching "American Dream" is that you know she is right. When 1,500 people went out on strike for a principle, a



principle is just about what they got. Most of them were replaced. Their children lived on rice and kitchen-table speeches, and Spam kept rolling off those assembly lines.

Some crossed the line and made lifelong enemies out of lifelong friends. The union, wallowing in tactics, personalities and bravado, failed them. A grown man sits in front of Mrs. Kopple's camera and says, tears running into the ruins of his face, "All I want to do is go to work."

Meatpacker, meet red foulard tie. I don't know how economists define a depression. I only know that I went to three board meetings last week, and they all began the same way: "The news is not good." Five years ago

people at those meetings used to talk about the boom and say giddily, "It can't last."

Even then, when every day there seemed to be more newly minted men made of money, people like the people in Austin, Minnesota, were learning that hard times were just around the corner.

Every day those people are more worried about the delicate balance, that delicate balance between the paycheck and the bills, that balance that can be knocked out of whack by a bun muffler. The dictionary says a depression is "a period of low economic activity marked esp. by unemployment," as well as "a state of feeling sad." That covers it, I think.

The New York Times.

LETTERS TO THE EDITOR

Temple Mount: Sorting Through the Stones and Bullets

Regarding "When Israel Steps Being on Asset" (Opinion, Oct. 15):

Anthony Lewis, referring to West Bank Palestinians, says that "their land was seized." It is a fact that when disputes on ownership of land expropriated for settlements arose (as with the Karnai Shomron settlement), court hearings were held. In the case of Karnai Shomron, an order to desist settlement on that plot was enforced and obeyed.

Land in Judea and Samaria considered public domain by the prior Jordanian occupying power has been disposed of by the Israeli occupying power in accordance with rules of eminent domain. Many land dispute cases are brought by Palestinians before courts, and decisions follow legal rather than political principles. Palestinians have won more cases of this sort in Israeli-staffed courts than they have lost.

Mr. Lewis writes that Prime Minister Yitzhak Shamir "said not a word of regret" for the Palestinians killed on the Temple Mount. Suffice it to say that on Oct. 8 I heard Mr. Shamir on Israel

Television's Hebrew service express regret for the deaths.

The statement that Palestinians "may have been unaware of" the Supreme Court ban on a march by the Temple Mount Faithful to the Temple Mount ignores the contention of the Jerusalem police chief, Aryeh Bibi, that he sent a notice of the court decision to officers of Waqf, the Muslim religious trust, and to mosque officials on the Temple Mount.

One may reasonably assume that the editors of East Jerusalem Arab newspapers were aware of so crucial a decision, whether or not they chose to publish it. Similarly, it is hardly credible that a single Palestinian lawyer in Jerusalem or elsewhere in the region could have been unaware of this decision.

MELVIN FENSON, Jerusalem.

I am grateful for the fairness of Anthony Lewis' "When Israel Steps Being on Asset" (Opinion, Oct. 15) as opposed to the self-righteousness of some columnists. As a German-born American Jew

living and working in today's Germany, I feel within the Jewish community like dissidents must in countries run by dictators: as part of a humanistic tradition suppressed or perverted by "leaders" who, in taking self-criticism as an act of treason, are unaware of committing suicide.

F. S. FRIEDMANN, Munich.

Regarding "Allies Say U.S. Rebuke of Israel Can Save Coalition" (Oct. 10) by Joseph Fitchett:

This article describes a feeling among European officials that "with the Gulf upheaval intensifying economic hardship and political desperation among Palestinians in the occupied territories, only Israeli flexibility can prevent escalating violence likely to damage Arab and Western cohesion."

Let us get this straight. Saddam Hussein rapes and plunders Kuwait, sending oil prices rocketing and bringing economic hardship to millions. Palestinian leaders pick the wrong side in the conflict, and find themselves desperately trying to salvage their carefully re-

ouched political image. And who, according to these European officials, should pay the price? Israel, naturally.

Am I missing something, or is European officialdom's pious reaction to the unfortunate events on the Temple Mount just another attempt to escape blame for the monstrous failure to nip a ruthless tyrant in the bud?

GILLES SION, Singapore.

The bias and incompetence of the United Nations are shameful. The same UN delegates who rushed to reach consensus on sanctions against Iraqi aggression stumbled when it came time to condemn the brutal killing by Israeli police of 19 Palestinians in Jerusalem.

And the international community wonders why there is such bitterness among Arabs, and so much support for Saddam Hussein.

R. SIMAAN, Athens.

The killing of Palestinians at the Temple Mount by Israeli police was an act of monumental stupidity. The damage can be mitigated only if Israel is made to pay

a heavy price: returning the occupied territories to the rightful owners.

K.P. SHAH, London.

Regarding the editorial "Israel's Second Blunder" (Oct. 12):

Would you agree to a little experiment? Stand with your back to a wall while grown men try to kill you by throwing fist-sized rocks at your head with all their might. Would you come away, if indeed you did, still calling them "unarmed civilians"?

ANDREW DAVIDSON, Paris.

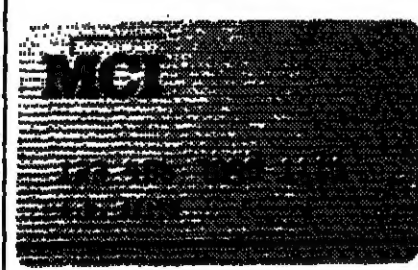
No Roses in the GIs' Lot

There is no draft in the United States. The young men quoted in the report "From GIs to Hot Sands, Heated Grips" (Oct. 19) have only themselves to blame for the plight they bemoan. America's war machine never promised them a rose garden.

PETER ADAMS, Paris.

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International Herald Tribune
Tuesday
October 23, 1990
Page 8

Chanel Leads the Way To a Fashion Wedding

By Suzy Menkes
International Herald Tribune

PARIS — Chanel was way out in front for creative clout as couturiers held their shows Monday. The fashion on the runway was sharp and colorful, with airy transparency and plenty of flesh, especially around the midriff.

The one obligatory story is the all-white scene. Dior closed its

PARIS FASHION

show with a series of white wedding outfits — a symbol of the official engagement announced between fashion and art.

Jack Lang, France's culture minister, revealed that the Paris fashion shows will have a permanent home at the Louvre from 1993.

"It will be in the heart of Paris, a place worthy of the art of fashion and its creators," Lang said of the underground area that will be carved out near the Louvre pyramid.

Pierre Bergé, the chairman of Yves Saint Laurent and one of the project's supporters, called the news "a gift" from the French government to the fashion industry. Designers for the French couture establishment, have responded by making their shows the buzziest part of an overcrowded program.

Karl Lagerfeld was in ebullient form. Gianfranco Ferré at Dior offered sleek chic and Balmain's new ready-to-wear designer, Alistair Blair, brought a youthful zip to a house once made for "Jolie madame."

From the outside blackamoor statues at the end of the runway, to gold leather or feathered bags, Chanel had gone kitsch. Lagerfeld preferred to describe as "pop" his audacious blend of straight Chanel with "Miami Vice" girls in bright leggings, psychedelic chain belts and ankle-strap shoes.

"Miami Vice," said Lagerfeld after the show. "It was very French." Lagerfeld's genius with Chanel is to go back each season to the roots of the house, bringing back this time the proper little suit with matching short skirt, loosening up the jacket or chopping off its sleeves. Then he clashes the classic with stretch leggings and funky accessories.

The collection taps into modern

taste, layering skirts over leggings and jackets over bodysuits. It also offers airy pleated tunics and chiffon dresses as light as lingerie. And Lagerfeld can still come up with witty new jokes: surfing suits worked in sequins.

It is young fun, occasionally dreadful — like the psychedelic prints Lagerfeld should leave to Lacroix. But it all moves so fast, from well-behaved suits to camel-hair-trimmed corset tops, that the show is carried by its exuberance.

If Ferré had stopped his show for Dior halfway through, he would have scored a modest success. For in a season of wild color and wanton print, Ferré was master of quiet color and graphic pattern.

The show opened with a stiff,

Lagerfeld came up with an audacious 'pop' blend of straight Chanel and 'Miami Vice' girls.

full-skirted coat, but quickly settled into the pencil-slim silhouette that is Ferré's signature. He does not develop it much beyond the pantsuits and slim skirt, but such rigor is refreshing.

Taking wickerwork as a theme, he sent out raffia print and textured fabrics and kept for a long time to pale straw shades. Even when color was introduced, it was with great delicacy, peach and apricot plucked from a summer orchard. Blazer stripes in purple and green were strong and graphic, as was sleek black swimwear and luxurious trenches in white oyster.

After this very bright beginning, Ferré introduced all the fussiness he had culled out of the major part of the collection: skirts with bright coin dots and the inevitable trails of fabric floating about. There were skinny shapes for evening, too, but not enough.

Dior should tell Ferré that he is loved for his simplicity, for his ability to tailor classic clothes to modern life. And that women are delighted to find those same sleek shapes, such as the spice-colored tailored outfits in evening fabrics. Let customers who want extravaganzas look elsewhere.

Eric Berghé showed a spirited collection for Lanvin, taking the house back to sporty roots with his fresh, white blouses, tipped with ethnic embroidery and adding dashes of modernism in graphic tailoring.

He endorsed the dress, which is a big story this season, making it both smock-shaped in rustic linen and as a swingy slip. He had the misfortune to show after Claude Montana, the house's couture designer, who did a magnificent show.

Blair's debut at Balmain was respectable — but not much more. The clothes had easy elegance and luxurious fabrics, and he has a nice way with knits, which were made in ivory. He also had the right proportions and every trend from bare midriffs (chic when ribbons joined bodice and skirt in licorice black sequins) and transparency to black slip dresses trimmed with lingerie lace. But the show lacked anything to lift it from commercial to artistic.

JEAN-LOUIS Scherrer, who opened a splendid new store on Avenue Montaigne on Monday, makes feminine clothes for doting husbands to buy their pretty young wives. Suits had short skirts that flared into flirtatious pleats; there was flattering beachwear in naive pattern, one of many strong prints. They also show the best kind of couture workmanship from the perfect drapes to signature animal prints slithering over the body in sequined mouselines.

To pep up his show, the designer should get rid of a few idiosyncrasies: that flat shoes are only right with a sporty safari jacket and never with a curvy suit, and that legs can only be shown flesh-colored.

In a packed program, there have been clothes to spread a little happiness among women (and buyers) who are looking for wearable clothes, rather than grand statements.

Sonia Rykiel was in sunny spirit, abandoning her signature black for spicy reds and yellows and making easy separates with a modern twist: hoods on slim knits, velvet made into tactile jackets.

Kenzo Takada, everybody's favorite designer, celebrated 20 years in Paris on Sunday night with a spectacular party at the Ecole des Beaux-Arts, with upstanding gladioli as a guard of honor and everything on the runway from ice-cream vendors to fiddlers. Kenzo's unquenchable optimism was reflected in the clothes, which included flower gardens of mixed prints, stretch dresses and a surprising number of long skirts that still looked like the models were having fun.

Style



Clockwise from top left, Dior's airy chiffon with wickerwork hat; Chanel's surfer suit worked in sequins; Scherrer's bold beach prints, and graphic tailoring from Lanvin.

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STYLE MAKERS

Designer House PARK AVENUE HOW-TO

NEW YORK — Never mind that a Snowdon portrait of Queen Mother Elizabeth and a favorite corollary decorate the cover of the catalogue. Nor that the Royal Oak Designer Showhouse is dedicated to her 90th birthday and benefits the Royal Oak Foundation, an American organization affiliated with the National Trust of England, Wales and Northern Ireland.

The group's second show house, in spite of a few British rooms, has an international and eclectic look.

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The Lombardy
New York

It is quite different from the flowery chintz-covered rooms that characterized the first Royal Oak show house two years ago.

Twenty designers and 10 decorative painters, only six of them British, were involved in redecorating the Georgian town house at 603 Park Avenue.

Show-house fans will probably not find any one trend here, but they will find plenty of food for decorating thought.

This is the kind of house where chocolate mice add a touch of humor to a formal table setting; where bath towels have been turned into a slipcover, and where rooms are brought to life by a bird cage said to have belonged to Coco Chanel, by velvet slippers copied from a Jacobean portrait and by baseball caps on chaise-longue beds.

Ceilings seem to be the latest surface to come into play, here covered with maps or inscribed with thoughtful mottoes.

"I didn't even realize that there had to be anything English about all this," said Kitty Hawks, a New York designer who transformed a fifth-floor attic room into her version of a private retreat.

"I love animals and natural things," Hawks said. She covered the walls with a barklike material and chose a bird-patterned rug, a screen painted with roosters and chickens and a William Wegman portrait of her dog, Earl, as accessories.

David Laws, a London decorator, anchored the British contingent with his elaborate dining room, which has striking wallpaper in a lily-of-the-valley pattern. Six English reproduction Chippendale chairs and two 18th-century-style wing chairs surround the huge round table, set within an inch of its life.

In David Anthony Easton's expertly detailed gentleman's library, overscale architectural sketches unfurl next to the cluttered desk, where a portrait of King Henry VIII and framed photographs of Queen Victoria, a Highlands shooting party and Easton and his dog, Lilly, supply British connections.

Carved wooden spires — 18th-century models for a Gothic church — sit atop a George III breakfast room, a Charlotte Moss, who turned a paneled third-floor room into an English-style library and sitting room, said: "I don't have English roots, only Virginia roots, but then Virginia was settled by the English."

Maybe it's just another sixth sense and a little bit of theater, what I call "instant crust." The idea was to create a usable room. Few people go into a library just to read. No one has the time anymore.

Beyond the baronial rooms, there are several small tours de force: the painted violins on the

draperies in Jarrett Hedberg's music room, the subtle Robert Adam-inspired trompe l'oeil painting in the entrance foyer by Raphael Serrano, and Dennis Rolland's ambitious pink-and-white silk-bedecded reception room.

But not one surpasses the fourth-floor bathroom by the Painted

David Hicks in his fabric-covered bed-sitting room.

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Decoration Studio as far as chance and livability are concerned. "I wanted it to be cozy," said Frank Figueroa, the New York company's designer, who turned the old-fashioned bathroom into a travel writer's haven, complete with a vintage manual typewriter set on a custom-made over-the-tub table.

DAVID Hicks sprinted back and forth between New York and London and his country estate in Oxfordshire to organize his third-floor sitting room, which is covered floor to ceiling with fabric from Quadrille.

"I can't bear all those busy, overdecorated rooms," he said. "I wanted it to be a luxurious bed-sitting room, but no frontroom and no pattern-on-pattern."

These days Hicks, whose long decorating career is saluted with a retrospective of drawings on the walls of the adjoining room, is concentrating on garden design and landscaping.

"People get divorced, or they die, or sell their homes, and the fabric comes off the walls," he said. "If you've planted an avenue of trees, you don't cut them down."

Suzanne Slesin

ACROSS

- 1 Mobly Dick pursuer
- 2 Mother-of-pearl
- 3 Prominent Alaskan
- 4 One of the Goldbergs
- 5 Bay window
- 6 Operatic solo
- 7 Jerry Bock hit song
- 8 Change the style
- 9 Peter of nursery rhymes
- 10 Hunts, as for food
- 11 Mourful
- 12 City in Tex. or the U.S.S.R.
- 13 Author — Passos
- 14 Meadow
- 15 Printers' measures
- 16 Hosp. group
- 17 — the Great: 10th century
- 18 Past
- 19 George or T. S.
- 20 Victor Young hit song
- 21 — hills of Rome
- 22 Decimal point
- 23 Double
- 24 Before, to suckling
- 25 Sounds at a bridal shower
- 26 Moist
- 27 Observe
- 28 Contradicts
- 29 Stool pigeon
- 30 Work together harmoniously
- 31 Holy city of Islam
- 32 Monster
- 33 Cole Porter hit song
- 34 Sheltered, as a
- 35 A tyrant and a pianist
- 36 Submerged
- 37 Dick Tracy's sweetheart
- 38 Salute
- 39 Lamb's morn
- 40 Guffaw
- 41 In — (sulting)
- 42 Bundles of hay
- 43 Oct. chaser
- 44 God of war for Achilles
- 45 The — Kid
- 46 Transformed
- 47 Football team
- 48 Deserves
- 49 Sociable
- 50 — de-camp
- 51 Ancient temple
- 52 Spoken
- 53 Ruhr valley city
- 54 Unwilling to listen
- 55 Use a diving rod
- 56 Different
- 57 Longshoremen
- 58 — Khan
- 59 Variable stars
- 60 Commemorative slab
- 61 Undivided
- 62 Aged
- 63 Honorary degree
- 64 Silly
- 65 Moo
- 66 Roman road
- 67 Personnel director's job
- 68 Fastener of a sort
- 69 Pack down
- 69 Fencing swords
- 70 Shop
- 71 Annoy
- 72 Layer of paint
- 73 Eye amorously
- 74 Bacchanal cry
- 75 Bird's crop
- 76 Spanish movie house
- 77 Interrogates
- 78 Superlative ending

DOWN

- 1 Part of a church

Solution to Previous Puzzle

BARB PLOP SASH
ANEAR HILO CLEO
KICKUPONESHEELS
ESTIMATE TANGLE
DEO TOR EWE
AAR IRLSOME
CORPORAL AES
SLAMONTHBRAKES
EAT ESSAYIST
ADHERES NEO
NOR ANI IRA
TEUTON PASTORAL
STRIKEUP THEBAND
ARAT SALT TINGE
RELY TREV TIER

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MARKET DIARY

Dow Slips Despite Oil Price Plunge

NEW YORK — Share prices closed mixed in moderate trading Monday on the New York Stock Exchange, after a record plunge in oil prices sparked a rebound from a sharply lower opening, but the blue-chip Dow industrials could not sustain a late advance.

The Dow Jones industrial average, which surged 68.07 points Friday, ended the session at 2,516.09.

N.Y. Stocks

Among broader market gauges, the New York Stock Exchange composite index added 1.12 to 171.52 and Standard & Poor's 500-stock index rose 2.28 to 314.76. The price of an average share rose 19 cents. Advances led declines by about an 8-7 margin. Volume amounted to about 152.6 million shares, down sharply from about 221.7 million shares traded Friday.

Stocks opened sharply lower, with the Dow down almost 30

points, as traders took profits from the powerful rally last week. But then oil prices opened about \$3 a barrel lower as fears of war in the Middle East began to fade.

Despite the oil plunge, two attempts to rally the Dow into the plus column failed, until oil fell through the \$28 a barrel mark.

"We were really getting beaten up here until we realized oil was falling through the sky," said Ron Doran, director of institutional trading at C.L. King & Associates in Albany, New York. "That's why we came back."

But profit taking as well as concerns about the economy and corporate earnings kept a lid on stocks. Mr. Doran said, and while the Dow managed a small gain in the afternoon, when oil prices came off their lows in late trading, the Dow lost its gains.

Those concerns manifested themselves in the action in a few Dow stocks, which depressed the average.

DOLLAR: Rally Seen as a Pause

(Continued from first finance page) but the session, ending in Tokyo at 12:25, up 1 yen from last Friday's close.

Spot volume was \$10.25 billion, compared with \$16.73 billion last Friday.

Foreign Exchange

Friday, but still heavy compared with recent sessions.

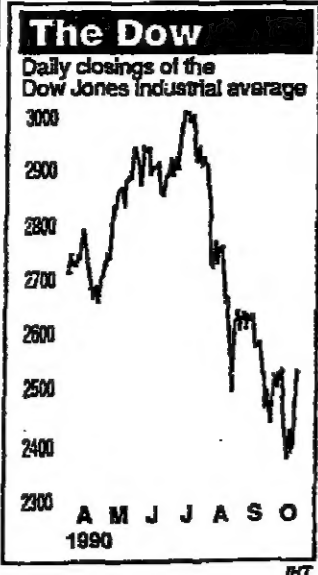
Dollar Gains in U.S.

The dollar continued to advance against most currencies in the United States, benefiting from short-covering after its recent losses. Reuters reported from New York.

The dollar closed in New York at 151.81 Deutsch marks, up sharply from 150.15 late Friday. Against the Japanese yen, however, it fell to 125.975 yen from 125.95.

"The market remains very short of dollars," said Charles Wheeler of Swiss Volksbank.

The dollar was trading in a band of a piling and less than a yen.



AMEX Most Active

Vol.	High	Low	Last	Chg.
Genl	2523	2519	2521	+4
Palmer	2523	2519	2521	+4
Palmer	2523	2519	2521	+4
Palmer	2523	2519	2521	+4
Palmer	2523	2519	2521	+4

AMEX Stock Index

High	Low	Close	Chg.
2523	2519	2521	+4

Dow Jones Bond Averages

Close	Chg.
101.71	+0.12

Market Sales

Vol.	High	Low	Last	Chg.
101.71	101.71	101.71	101.71	+0.12

N.Y.S.E. Odd-Lot Trading

Buy	Sales	*\$10
101.71	101.71	101.71

S&P 100 Index Options

Buy	Sales	*\$10
101.71	101.71	101.71

Dow Jones Averages

Open	High	Low	Last	Chg.
101.71	101.71	101.71	101.71	+0.12

Standard & Poor's Indexes

High	Low	Close	Chg.
2523	2519	2521	+4

NYSE Indexes

High	Low	Close	Chg.
2523	2519	2521	+4

NASDAQ Indexes

High	Low	Close	Chg.
2523	2519	2521	+4

Dividends

Company	Per	Ann	Pay	Rate
101.71	101.71	101.71	101.71	101.71

Spot Commodities

Commodity	Today	Prev.
101.71	101.71	101.71

For investment information

read THE MONEY REPORT every Saturday in the IHT

London Metals

Close	High	Low	Previous	Ask
101.71	101.71	101.71	101.71	101.71

European Commodities

Close	High	Low	Previous	Ask
101.71	101.71	101.71	101.71	101.71

U.S. / AT THE CLOSE

European Firms Join Loral in Space

NEW YORK (Combined Dispatches) — Loral Corp. said Monday that three European companies — Aerospaciale and Alcatel of France and Selenia SpA of Italy — have agreed to take a minority stake in its commercial satellite business.

The European partners will pay \$182 million for 49 percent of Space Systems/Loral, which is part of the space business Loral is buying from Ford Motor Co. Loral will have management responsibility. The venture will be one of the world's biggest satellite makers with sales of about \$1.3 billion and 5,000 employees, the companies said. (Reuters, AFP)

Union Carbide Earnings Drop 35%

DANBURY, Conn. (AP) — Union Carbide Corp. announced Monday third-quarter earnings fell 35 percent due to rising energy prices and a soft market for chemicals.

The company said it earned \$91 million on sales of \$2.2 billion in the quarter, compared with earnings of \$139 million on sales of \$2.1 billion for the same 1989 period.

The earnings loss was partly due to rising prices of energy used to produce chemicals, Robert D. Kennedy, Carbide's chairman, said.

Greenspan Says Capital Is Critical

ORLANDO, Fla. (AP) — The chairman of the Federal Reserve Board, Alan Greenspan, told bankers at their annual convention Monday that they must increase their capital bases if the industry is to thrive.

"During the past year, as events have unfolded around the world, we have been continually reminded that capital is critical to the stability and competitiveness of the banking industry," Mr. Greenspan said.

Ameritech Buys German Directory

TROY, Mich. (AP) — The industrial directory publisher Ameritech Industrial Yellow Pages Inc. said Monday that it purchased the German industrial directory publisher "Wer Liefert Was?" for an undisclosed amount.

Family-owned "Wer Liefert Was?" — "Who Supplies What?" — publishes German and Austrian editions and plans to introduce a directory in Switzerland, the U.S. company's president, Tom Kading, said.

Ameritech Industrial Yellow Pages publishes the Ameritech Industrial Purchasing Guide, made up of the 14 regional directories used by purchasers and suppliers.

Ashland Records Operating Profit

ASHLAND, Ky. (UPI) — Ashland Oil Inc. reported Monday that a strong fourth quarter from its oil group resulted in the company having its second-best year.

In its fourth quarter ended Sept. 30, Ashland said it had earnings of \$59 million on revenues of \$2.5 billion compared to a net loss of \$39 million on revenues of \$2.3 billion in last year's quarter. The 1989 period included deductions of \$78 million in what the company termed unusual items.

The good results were due primarily to a strong performance by Ashland Petroleum Co., improved results from APAC construction operations and Ashland Exploration, and higher equity income from Arch Mineral Corp. and Ashland Coal Inc.

Daily News Hurts Tribune Profits

CHICAGO (Reuters) — Tribune Co. said a 1990 third quarter earnings declined to \$2 cents a share from 81 cents a year earlier, reflecting operating losses at its Quebec & Ontario Paper Co. and at the New York Daily News.

Newspaper publishing operating profit declined 15 percent to \$48.4 million last year primarily due to increased operating losses at the Daily News. The Daily News losses resulted from declining revenues due to weak economic conditions in New York and from labor costs.

Operating profit for the remainder of the newspaper group was down

NEW YORK: Troubled Banks Consider Merging With Their Neighbors

(Continued from first finance page)

stantial. Chase and Chemical earlier this month announced third-quarter losses of \$623 million and \$43.7 million, respectively, as well as steep cuts in their dividends.

Manufacturers Hanover has been profitable in recent quarters, but is a far smaller company since it sold its consumer-finance and mortgage finance units and 60 percent of its business-lending unit to raise the cash it needs to survive.

Assuming that a merger of two banks in the same area would result in a 30 percent reduction on non-interest expenses at one of the banks, the savings could amount to \$1.07 billion for Chase, \$795 million for Chemical, and \$619 million for Manufacturers Hanover.

One of the most-often-mentioned combinations involves Chemical Bank and Manufacturers Hanover, in part because Mr. Johnson was at Chemical until last December,

when he crossed the street to become the heir apparent at Manufacturers Hanover.

Based on his insider's knowledge of both companies, analysts assume that Mr. Johnson could help forge a merger without the cumbersome review of each other's financial health that total strangers would require.

In a city where two bank branches on one corner is not unusual, mergers among large New

York City banks are widely seen as a sure-fire way to increase profits. Besides eliminating duplicate branch offices, mergers would also bring together overlapping administrative and operating costs.

The banking business is so fragmented in New York City that mergers would be not expected to create one institution that could dominate the area.

The job cuts, which would involve thousands of workers, would be a painful job.

WORLD STOCK MARKETS

Agents: Reuters, Oct. 22

Amsterdam

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Brussels

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Frankfurt

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London

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Madrid

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Paris

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Sao Paulo

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Singapore

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Stockholm

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Zurich

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U.S. FUTURES

Agents: Reuters, Oct. 22

Grains

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Metals

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Livestock

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Financial

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Stock Indexes

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Commodity Indexes

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Market Guide

Close	Prev.
101.71	101.71

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NYSE

Monday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

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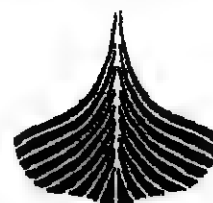
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(Continued on next page)

NYSE Highs-Lows[illegible]

ANEX High-Low

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Analysts Foresee Slowdown in Japan

TOKYO — Japan's booming economy, poised to enter its fifth year of expansion, may finally be set for a slowdown, economists said. The economy still has sufficient steam to keep rolling into next year, they said. But after that higher interest rates and oil prices coupled with sharp declines in the stock market could cause growth to slow, analysts said.

Just last week, the head of the nation's central bank discussed the prospect of a slowdown in Japan's economic growth.

Most economists forecast that growth in Japan's gross national product will drop to an inflation-adjusted 4 percent or lower in the fiscal year beginning next April 1.

That compares with about 5 percent in the current year and a preliminary 5.1 percent in the fiscal year ended last March 31.

"There will probably be a bit of a lull in the expansion by mid-next year," said Soichi Enkyo, economist at Bank of Tokyo Ltd.

Any economy would normally be expected to start slowing after four years of expansion, the economists said. Japan's economic growth, even without the added drag of oil price surges triggered by Iraq's Aug. 2 invasion of Kuwait, probably faced a cyclical shift into a lower gear by end-1991.

"The Gulf crisis just had an added impact on the economy and helped the downshift come a little earlier," said Junichi Miyake, deputy director general at Japan Research Institute.

The forecasts, however, are based on an assumption that there will be no major military conflict in the Gulf and oil prices will average around \$30 or lower per barrel.

A primary reason for the expected slowdown is that corporate investment in plants and equipment, the chief economic booster to date, will likely lose some steam, economists said. Corporate capital spending, which has registered double-digit growth annually in the past four years, now accounts for more than 20 percent of total GNP and is nearing a saturation point, they said.

"The experience shows that when the ratio of capital investment to GNP exceeds the 20 percent mark that signals a slowdown," Mr. Miyake of Japan Research said.

But he and other economists said underlying trends in capital investment may remain firm because most of the spending is aimed at promoting technical innovation and countering labor shortages and is not designed just to boost production capacity.

Beijing Seeking Greater Change In Its Economy

BEIJING — China will step up its economic reform and open-door policy on instructions from the country's senior leader Deng Xiaoping, the new minister in charge of economic planning said Monday.

Changes in the future would be "better, more rapid and more effective," Chen Jinhua was quoted by the official Xinhua news agency as saying. A faster pace in the 1990s was "as Deng Xiaoping has required," he said.

Mr. Chen succeeded Premier Li Peng last month as head of the State Commission for the Restructuring of the Economy.

Forging Ties With Korea's Neighbors

By Sam Jameson
Los Angeles Times Service

SEOUL — To Chung Ju Yung, founder of the massive Hyundai Corp., the Soviet Union's recent diplomatic recognition of South Korea was a simple matter.

"We needed each other economically," he said in an interview. "If there is an economic need, politics will follow."

Mr. Chung, South Korean business self-appointed ambassador to the Soviet Union, did more than any other executive to persuade Moscow to establish ties with Seoul.

Now he is pioneering a new form of economic cooperation: bilateral projects involving China, the Soviet Union and South Korea.

Eventually, he suggested, such projects could include North Korea as well.

Hyundai has put up \$30 million to start a joint Soviet-South Korean forestry operation at Svetlaya, north of Vladivostok, that will employ 500 Chinese and 500 Chinese of Korean ancestry by next spring, he said. Three hundred of the workers from China are already on the job, he added.

Exports of timber to South Korea, which are expected to amount to around \$100 million a year when the project is fully developed, will start as early as next January, he said.

How multinational cooperation in north-east Asian development progresses, Mr. Chung said, "will largely depend on how China's policy changes."

"I don't know how many projects will emerge, but there certainly will be some projects forthcoming," he predicted. "Eventually, North Korea will join."

How multinational cooperation in the region progresses, 'will largely depend on how China's policy changes.'

On his first trip to Beijing last month to attend the Asian Games, Mr. Chung, 74, said, he found "Chinese authorities very enthusiastic about sending their workers" to such projects as the Svetlaya forestry undertaking.

He also disclosed that Chinese authorities had urged Hyundai to join in the bidding for offshore oil and gas drilling in Pohai Bay, the first such offer reported to have been made to a South Korean businessman. Mr. Chung

told the Chinese that he would consider the offer.

"Before, Chinese officials were reluctant to meet Korean officials and businessmen," he said. "But this time we had no trouble meeting Chinese officials in charge of economic affairs."

He said he met both China's construction minister and the president of the state corporation in charge of petroleum development.

Mr. Chung indicated that he was not interested in Japanese participation in multinational northeast Asian projects, an idea that has gained some support among Japanese businessmen.

"Japanese have their own vested interests in China and are focusing on commodity sales to the Soviet Union," he said.

Mr. Chung is now "honorary chairman" of the \$12 billion Hyundai empire of companies that manufacture everything from autos to ships to semiconductors and has made an international imprint in the construction business.

Last week, Prime Minister Kang Young Hoon of South Korea made the first-ever trip by a head of that country's cabinet to North Korea's capital of Pyongyang for talks with his Communist counterpart.

North Korea Braces for Hard Currency Shock

PYONGYANG, North Korea — North Korea faces the rude shock of moving to hard currency trading from barter next year, saddled with inadequate transport, an inefficient and inward-looking economy and no access to loans from abroad, foreign businessmen and diplomats say.

From Jan. 1, the Soviet Union and Eastern Europe, which account for 60 percent of Pyongyang's foreign trade, move to trading in hard currency as world market prices from a barter system in nonconvertible money.

"The North Koreans are not prepared for this switch and have few products for sale to hard-currency markets," said a European businessman who buys garments here for sale in western Europe. "They still base their prices on the artificial ruble rate."

"They lack adequate port and shipping facilities," he said. "Production is erratic and inadequate. Only a handful of banks abroad are willing to open letters of credit, because, if Switzerland has the reputation of being the most reliable country in the world, North Korea has the reputation of being the most unreliable."

North Korea does not regularly publish statistics on its foreign trade, foreign debt or any other economic data.

Figures from the Japan External Trade Organization put North Korea's imports in 1989 at \$2.52 billion, down one-fifth from 1988, and exports at \$1.56 billion, down 6.6 percent.

Western estimates say the country has posted a trade deficit every year except two since 1970 and put its foreign debt at three to \$5 billion.

First Deputy Foreign Minister Kang Sok-jin said on Friday the debt was not as large as those of other countries and that North

Korea was able and willing to pay. He gave no figures.

"We are paying it, for example to Austria," he said.

One European diplomat disagreed. "North Korea is not paying back, not because of ideological reasons but because of chaos. Repaying the debt has a very low priority."

But there is one source of hope. Negotiations with Japan on normalizing relations are due to begin next month. The settlement will include financial grants and credits, or both, to compensate North Korea for Japan's colonial rule from 1910 to 1945.

Investor's Asia

Exchange	Index	Monday Close	Prev. Close	% Change
Hong Kong Hang Seng		3015.56	2991.95	+0.79
Singapore Straits Times		1173.23	1139.85	+2.93
Sydney All Ordinaries		1364.60	1368.60	-0.29
Tokyo Nikkei 225		25070.86	24481.49	+2.41
Kuala Lumpur Composite		495.75	476.79	+3.98
Bangkok Book Club		597.42	570.02	+4.81
Seoul Composite Stock		733.37	696.01	+5.37
Taipei Weighted Price		3216.19	2916.90	+10.26
Manila Composite		547.65	540.45	+1.33
Jakarta Stock Index		407.86	396.98	+2.74
New Zealand Barclays		Closed	1443.97	-
Bombay National Index		615.25	638.04	-3.57

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NOTICE TO THE UNITHOLDERS OF SCONTINVEST FUND
The Board of Directors of SCONTINVEST MANAGEMENT COMPANY S.A. hereby inform the unitholders of SCONTINVEST FUND that the amendments to the Management Regulations approved by the Board of Directors shall come into effect as of October 24, 1990. The excerpt relating to these amendments has been deposited with the Register of the Tribunal d'Arrondissement de Luxembourg on October 1, 1990. A copy of the Management Regulations is available at the registered office of the Management Company.

The Board of Directors

Vietnam Orders Factories to Cut Fuel Use

BANGKOK — Frenzied by the Gulf crisis, the Vietnamese government has ordered all factories to cut oil use by up to 20 percent and banned the import of motor vehicles, the official Vietnam News Agency said Monday.

It hinted that more fuel price rises were imminent.

The government "encourages all capable companies and private

businessmen to obtain licenses for importing oil and gasoline," the agency said, indicating how badly Vietnam needs oil. The government said it was also willing to issue licenses to foreign oil companies interested in opening offices in Vietnam.

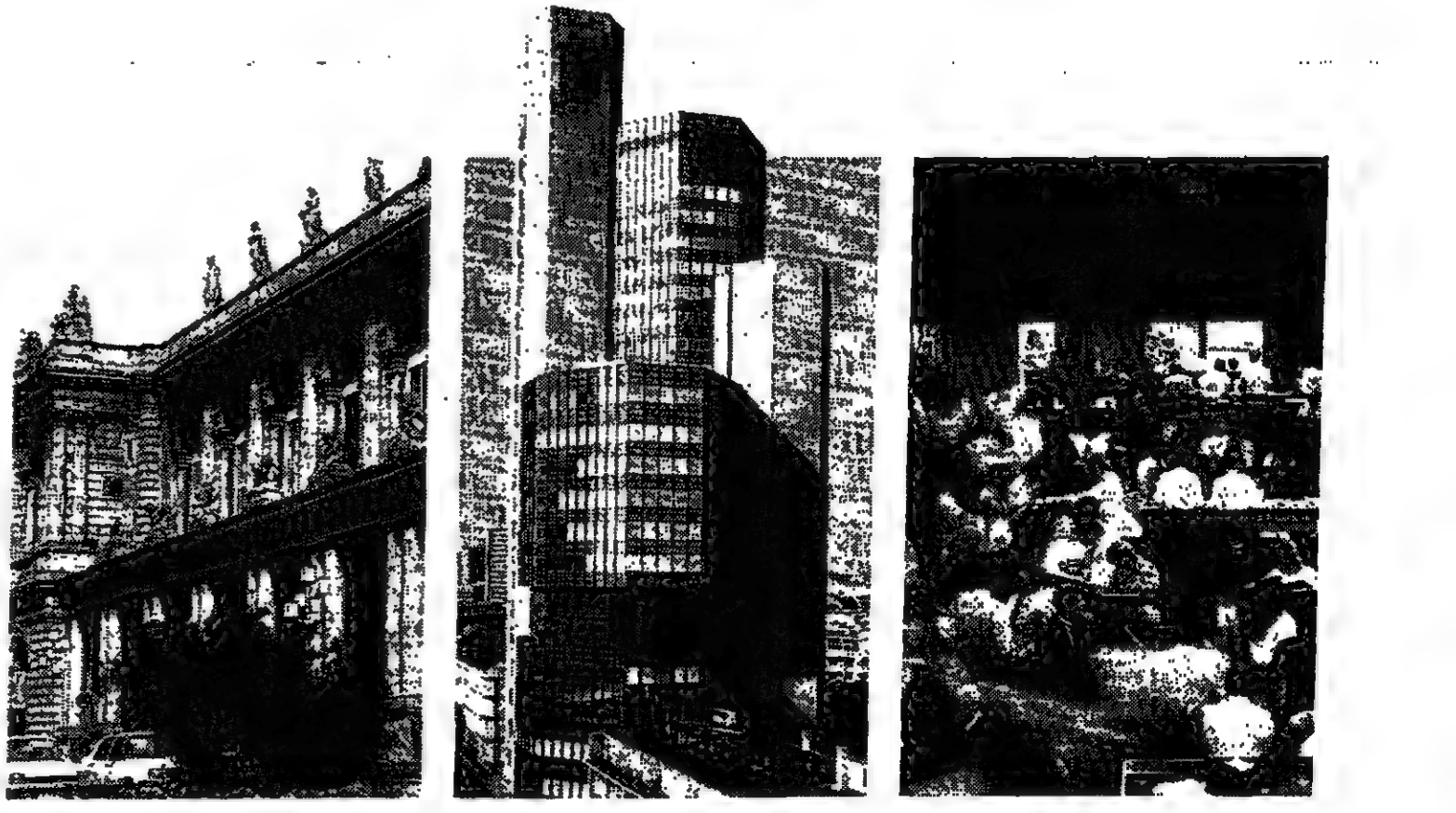
The agency said Prime Minister Do Muoi had issued a directive requiring all "production establishments" to reduce their gasoline and

oil consumption 10 to 20 percent.

Mr. Muoi also banned the import of vehicles of 15 or fewer seats until the end of 1991, the report said.

Vietnam produces only a small amount of the oil it consumes. An official media report said that about 55 percent of the oil used in Vietnam this year came from the Soviet Union. But the Soviets have only delivered about 30 percent of what Hanoi contracted to buy.

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NYSE
Monday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

High	Low	Stock	Div	Yield	High	Low	Stock	Div	Yield
110.00	109.00	IBM	3.00	2.70	100.00	99.00	AT&T	2.00	2.00
100.00	99.00	General Electric	1.00	1.00	90.00	89.00	Westinghouse	1.00	1.00
80.00	79.00	Johnson & Johnson	1.00	1.00	70.00	69.00	Pfizer	1.00	1.00
60.00	59.00	Merck & Co.	1.00	1.00	50.00	49.00	Boehringer	1.00	1.00
40.00	39.00	Novartis	1.00	1.00	30.00	29.00	Schering	1.00	1.00
20.00	19.00	Roche	1.00	1.00	10.00	9.00	Novartis	1.00	1.00

DUTY FREE

AN EXPANDING WORLD



Istanbul-based duty-free operator.

Exhibition in Cannes Reflects Global Trends

The expanding global activity in the \$13.5 billion duty- and tax-free business, which increased more than 17 percent last year, is the principal theme of the annual Tax Free World Exhibition (TFWE) in Cannes this week.

The Palais des Festivals, more renowned for films than frills, has been transformed into a packed seaside display of over 12,000 primarily luxury products that are, or will be, available worldwide in airport, ferry, border, diplomatic, military, in-flight and downtown duty-free shops.

There are not only 460 corporate exhibitors — ranging from large

Alcohol, tobacco — 45% of global duty-free sales

firms like United Distillers and Estée Lauder to niche suppliers like Swarovski silver crystal and Goldpfel leather goods — but also some 5,000 buyers, agents and distributors from outlets spreading from the Canadian border to downtown Sydney, from airports in Frankfurt to Fiji, from ferries in the North Sea to cruise ships in the Caribbean.

"The frenetically business-oriented exhibit mirrors the market and reflects global trends in the duty-free business," says Elysaeth Blachais-Catoire, TFWE chief executive.

The most obvious duty-free trend is the ongoing move into almost every conceivable product area. While alcohol and tobacco still account for 45 percent of global duty-free sales, the expansion in fragrances, cosmetics, watches, cameras, silver, sunglasses and miscellaneous goods — including water purifiers — is overwhelming. One noticeable expansion during the past year was the proliferation of outlets selling food, from caviar and lobster to bananas and Kool-Aid, throughout the world. And small is still beautiful.

"Small, high-priced, easy-to-carry gifts are the favorite items for both shoppers and shops," says Peter Zott, duty-free manager at Daniel Swarovski Corp., which has 100 pieces in its silver crystal duty-free line.

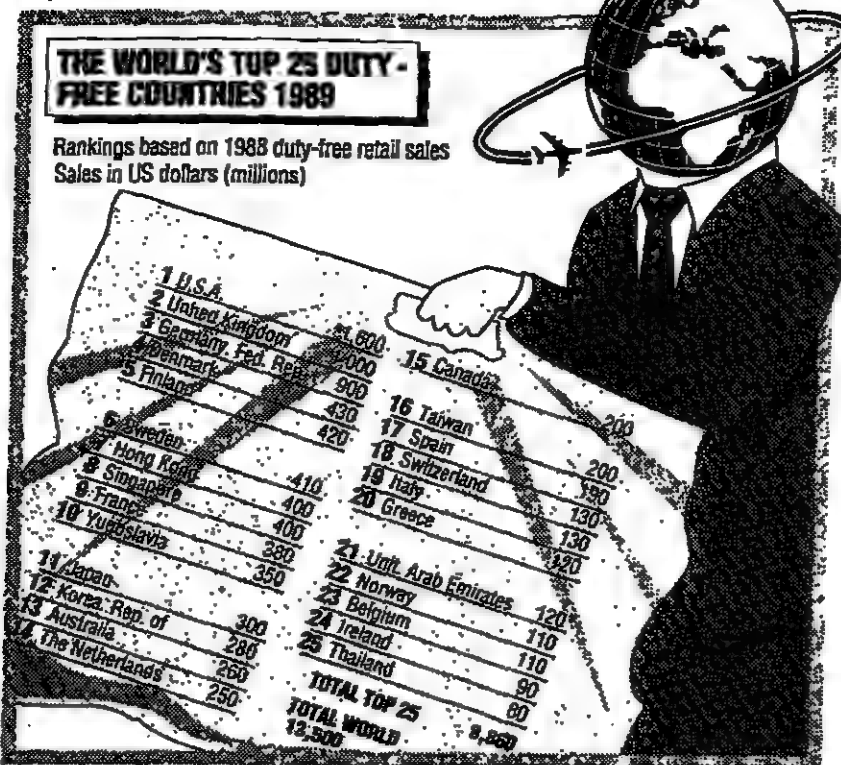
Places like Dubai and Abu Dhabi, hardly on the duty-free map a decade ago, are now as well known as Shannon (the granddaddy of contemporary duty free, which has just undergone a \$1.6 million refurbishing) and Amsterdam.

Outlets are being expanded, renovated or created almost everywhere. Honolulu, which boasts the world's largest duty-free shopping location, and Singapore both have new downtown shops. Dubai has expanded its surface area by 73 percent. And Atlanta Airport's new terminal and shopping complex opens early next year in Stockholm.

Suppliers are also spreading their wings. Yves Saint-Laurent opened a shop in Miami to service cruise ships, and Harrods has outlets in London, Toronto and other airports. There is a children's shop at East Midlands airport, a Bally shoe store at Heathrow and a Sony boutique at Gatwick.

Some products, like Metaxa, duty-free's number one brandy, owe much of their sales to international success. Camus Cognac, which generates about 60 percent of its sales in duty free, owes much of its revenue and reputation to these substantial sales. Duty free has given others an opportunity to develop new products and introduce new designs, like Goldpfel's Tradition line, based on its 1910 catalogue.

Daks-Simpson, generally re-



The new duty-free outlet at Nairobi Airport.

nowned for its menswear and accessories, is even launching a premium-blend Scotch whisky at the Cannes exhibition. "It's important to keep diversifying because new items create interest," says Kim Dunn, marketing manager of Dak's accessories division.

Though some countries, like the Philippines, manage their own duty-free outlets, the business is gradually moving into the hands of organizations that have become major commercial forces. San Francisco-based Duty Free Shoppers, the largest duty-free merchant, is one of the world's biggest buyers of perfume. Others — like the United Kingdom's Allders International, Duty Free International in the United States (which is making a mark on the U.S.-Canadian border), Ireland's Aer Rianta (which also created the shop in Moscow Airport), Germany's Heinemann Brothers and Switzerland's Weisauer Trading — are spreading into a variety of markets.

"This is a global business, and active companies are diversifying," says Herbert Diehl, a director at Heinemann Brothers, which has expanded into India, North America, the Soviet Union and Sri Lanka. "We haven't scratched the surface

of duty free," says Mr. Diehl. Airlines, ferries and other operators are also taking advantage of the growth.

"We are a travel service company, and duty free keeps passengers satisfied," says Göran Lundqvist, president of SAS Trading in Stock-

Continued on Page 18



Copenhagen Shopping Center at Kastrup Airport.

The 1992 Conundrum: A Search for Solutions

There are 800 duty-free shopping days until the much-heralded unified European market commences on January 1, 1993. At that time, duty-free bargains may no longer be available for travelers within the EC.

Members of the European Commission in Brussels are adamant that duty free will go at the end of 1992 when the "free movement of goods, persons, services and capi-

The duty-free business community, while voicing support for the overall objectives of a unified Europe, vehemently opposes the elimination of intra-EC duty free.

"Duty free is a thriving industry that gives pleasure to many, provides a considerable number of jobs and helps keep down travel costs," says Willem Maas, chairman of the Brussels-based International Duty Free Confederation (IDFC), which represents the view of the duty-free sector in 16 European countries.

"There is a tendency to view duty free as an anachronistic symbol of the old divided Europe, but it should be seen as a harmless, useful and enjoyable inheritance of the old Europe," adds Philippe Hamon, director of the International Civil

Continued on Page 19

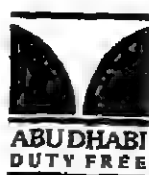
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Abu Dhabi Airport Duty Free

Jose Cuervo — a global brand



Visitors to the Tax Free exhibition in Cannes are welcome to enjoy the world's finest tequila at stand S18 Marine Village.

JOSE CUERVO Mexico's Legendary Tequila

ADVERTISING SECTION

ADVERTISING SECTION

The duty-free trend in the developing world was established by newly industrialized countries in the Far East, including Singapore and Hong Kong, which linked duty free

Morocco: five airports opened shops this year

with aggressive national tourism marketing. Abu Dhabi and Dubai, which launched elaborate duty-free complexes in the mid-1980s, rapidly became renowned as the world's least expensive shops.

These successes spurred operators in countries as diverse as Egypt and the Philippines to modernize and enlarge their facilities. To encourage returning nationals to buy

View From the Developing World: Growth, Promotion

at home, many outlets emphasized the convenience of shopping on arrival. Some countries increased duty-free quotas and streamlined customs regulations to make duty-free shopping as easy, and profitable, as possible.

The Caribbean is cashing in on the duty-free aspects of its holiday and cruise potential while Port of Spain airport outlets have been dramatically improved. Two shining examples of duty free in Africa are the recently rebuilt Kenya Duty Free in Nairobi and a number of new outlets in Morocco — where airport shops have been opened in

Primarily conceived as a foreign exchange retainer and earner in some developing countries, duty free has experienced unprecedented growth during the past two years.

five cities this year. An additional five shops are scheduled to be opened in Morocco by the end of 1991, and Casablanca Duty Free will create a boutique featuring locally made goods.

Middle Eastern and North African countries are acutely conscious of the potential benefits that 1992

could bring them if duty free is eliminated from intra-EC travel. Morocco and Tunisia, unaffected by the Gulf crisis, are targeting specific expansion and tourist promotion for that period. They are aware that the single European market will elevate European standards of living and increase the cost of holi-

days in countries like Greece, Portugal and Spain — making a duty-free vacation in the developing world look like a bargain. Their marketing, which will include more sophisticated duty-free offerings, is essentially aimed at both European and American package holiday sectors.

Yet while duty-free operators are blossoming, indigenous products have failed to create a niche in most shops; the market is still dominated by products manufactured in the West. Alcohol products from the developing world, like Bacardi and Kahlua, are still important, but

"Amouage," a fragrance created by a company in Oman, is the only indigenous Middle Eastern product exhibited at the Tax Free World Exposition in Cannes.

In Karachi Airport, the handicraft shops are laden with bulky marble and brass items — all too heavy to be added to hand baggage.

"We only retail those items that have, through good marketing and solid reputation, built an international client demand," says Colin McLoughlin, general manager of the Dubai Duty Free Complex.

Soraiya Qadir is editor of *Duty Free in the Middle East* and senior vice president at Third World Media.

THE WORLD'S TOP 25 DUTY-FREE SHOPS 1989

Sales in millions of US dollars

1	425	HONOLULU - Airport & Off-airport Shops, Hawaii (USA)	Airport shop
2	280	SINGAPORE - Airport & Off-airport Shops, Singapore	Airport shop
3	240	LONDON - Heathrow Airport/All Shops, UK	Airport shop
4	215	HONG KONG - Airport & Off-airport Shops, Hong Kong	Airport shop
5	200	GUAM - DFS/Airport & Off-airport Shops, Guam (USA)	Airport shop
6	193	AMSTERDAM - Schiphol Airport, Netherlands	Airport shop
7	180	PARIS - Charles de Gaulle Airport, France	Airport shop
8	180	TAIPEI - Airport & Off-airport Shops, Taiwan	Airport shop
9	180	FRANKFURT - Frankfurt-Main Airport, Germany	Airport shop
10	150	VIKING LINE (7 routes), Finland	Ferry Operator
11	125	STENA LINE - All routes, Sweden	Ferry Operator
12	125	LONDON - Gatwick Airport, UK	Airport shop
13	120	OSAKA - Airport/4 Concessionaires, Japan	Airport shop
14	111	COPENHAGEN - Airport, Denmark	Airport shop
15	110	TOKYO - Nanta/All Shops, Japan	Airport shop
16	105	DSB Ferries - All routes, Denmark	Ferry Operator
17	101	SEALINK - All routes, UK/International	Ferry Operator
18	95	SEOUL - Kimpoo Airport, Korea	Airport shop
19	92	LOS ANGELES - International Airport, USA	Airport shop
20	90	SILJA Line (3 routes), Finland	Ferry Operator
21	85	P&O EUROPEAN FERRIES, UK	Ferry Operator
22	80	SAIPAN - DFS Airport & Off-airport Shops, Saipan (USA)	Airport shop
23	77	DUBAI - Dubai International Airport, U.A.E	Airport shop
24	75	NEW YORK - John F. Kennedy Airport/All Shops, USA	Airport shop
25	69	STOCKHOLM - Arlanda Airport, Sweden	Airport shop

Source: Generation publications

DISTRIBUTION CHANNELS - THEIR RELATIVE IMPORTANCE 1989

Sales in billions of US dollars



Pacific Basin: The Fastest-Growing Sales Region

Korean Airlines flight 902 from Paris's Charles-de-Gaulle airport to Seoul is crowded with excited young Koreans looking forward to returning home from their annual holidays.

For the Western traveler, the scene might seem commonplace. But as recently as last December, the closest those young Koreans would have gotten to an overseas

Departures from Korea: 67 percent increase in 1989

destination would have been the departure lounge at Seoul's Kimpoo airport.

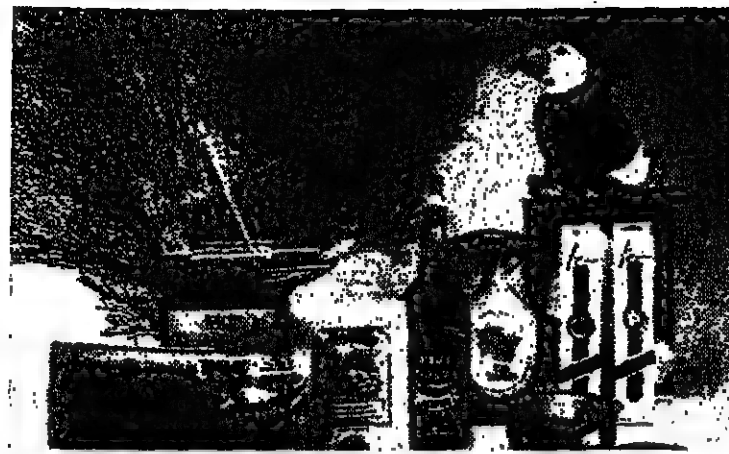
Until this year, only Koreans aged 40 and over were permitted to travel abroad. The subsequent liberalization of travel regulations has already triggered a mass exodus of Koreans eager to make up for lost time. For the first half of this year, departures increased by 33 percent, following a 67 percent rise last year, according to the Korea National Tourism Corporation.

"The Koreans are coming," says Peter Sosakowski, worldwide manager for Rémy & Associates, the owner of duty free's biggest-selling cognac, Rémy Martin. "The travel liberalization means outbound and returning Koreans are going to become a very important market for us."

Although Koreans are not yet buyers on the grand Japanese scale, their well-cultivated gift-giving mentality and avid longing for foreign travel makes them a major target for duty-free operators in this part of the world.

The Asia-Pacific area is the

The emergence of Korean travelers is a welcome new chapter in the long-running success story of duty-free in the Asia-Pacific region.



Fiji's regional specialties on offer at duty free.

world's fastest-growing region in terms of duty-free sales, grossing a staggering \$4.4 billion last year, an increase of more than 25 percent, according to industry statisticians Generation Publications.

"There are probably 11 million Japanese traveling around the world," says Bertrand Plessis, international marketing manager for Courvoisier cognac. "They travel and they buy, so the duty-free market is really an extension of the Japanese domestic market."

A visit to any airport in the Pacific offers ready supporting evidence for Plessis's theory. Japanese travelers buy premium cognac and Scotch whisky the way Americans pick up their Budweiser — by the six-pack. Generous allowances, barely policed by Japanese cus-

tomers, encourage shopping by the caseload — not that much incentive is needed, given the still prohibitive prices of many imported goods on the Japanese home market.

But it is not all good news. Just as duty free's global network from Anchorage to Auckland has been fueled by the purchasing power of the Japanese, so any downturn in their spending was always likely to hit the industry hard.

According to industry publication *Duty Free News International* (DFNI), 1990 might prove to be a watershed year because the brakes were finally applied to the growth of Japanese duty-free shopping.

In a survey of 30 of Asia-Pacific's duty-free retailers, DFNI identified a marked downturn in customer spending levels that began in 1989

and shows every sign of worsening in 1990.

"The Japanese purchasing character and taste is changing," says Young-Soo Choi, director of the Hotel Lotte shop in Seoul, a favorite destination of the Japanese. "More young [Japanese] people are traveling, and they tend to spend less money. The repeat travelers are also becoming tired of the famous brand names they used to buy."

The lowering of tariffs and duties on goods imported into Japan is also changing the way its people view shopping abroad. According to the Japan Travel Bureau (JTB) this has resulted in many travelers preferring to shop at home.

JTB has just launched a duty-free service that offers travelers pre-order facilities and home delivery of goods. Japan Air Lines hopes to follow suit on its lucrative Honolulu route. Thus far, however, its plans have met with vehement opposition, not least from Honolulu airport concessionaire Duty Free Shoppers (DFS). DFS fears a major drain on revenue from a location where, in return for a five-year contract, it pays \$1.15 billion in fees to the airport authority.

For its part, DFS is hardly sitting still. The U.S. company is expanding into markets like Taiwan, Saipan and Guam and rejuvenating its product selection to attract new buyers. Earlier this month, it opened a magnificent two-story complex in Taipei's luxurious Regent Hotel, which includes a gallery of designer boutiques.

Martin Moodie is a London-based editor at *Duty Free News International*.

Take the Duty-Freeway

via Frankfurt Airport

Sure, every international airport boasts a duty-free store or two. As it happens, Frankfurt has five. But that's not the point. No matter how sad you may feel about saying "Auf Wiedersehen" to Europe, leaving via Frankfurt Airport is a real pleasure. Not that anybody wants to see you go. Quite the opposite. At Frankfurt, we do just everything we can to support our traveling guests with the very best in comfort and service.

That includes discos and movies, more than 30 bars and restaurants and over 100 stores that cater for everything from international food to the latest in fashion — Harrods of London as well as Hermes of Paris, for example. And of course, duty-free shops offering a complete range of international brands, in every departure section of the airport.

Do yourself a pleasant favor. Take the fast, duty-free freeway via Frankfurt Airport.

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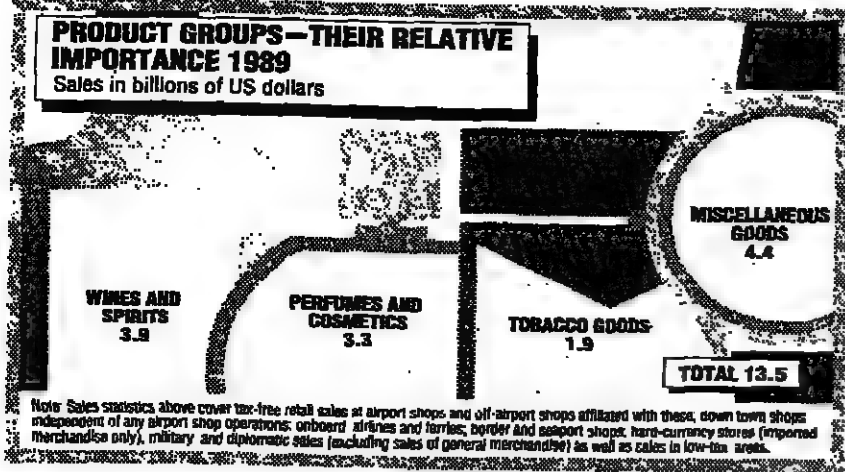
GOLD / PFEIL



TRAVEL-SEEK INFORMATION IN THE USA IS 00 486 FILE.

ADVERTISING SECTION

ADVERTISING SECTION



THE WORLD'S TOP 25 PRODUCT CATEGORIES IN DUTY-FREE 1989 Sales in US dollars (rounded millions)

1 Women's Fragrances	1,700	14 Electrical & Electronic Equipment	195
2 Cigarettes	1,540	15 Still Wine	185
3 Scotch Whisky	1,250	16 Cameras	180
4 Women's Cosmetics & Toiletries	940	17 Cognac	170
5 Cognac	890	18 Rum	170
6 Leather Goods (handbags etc.)	780	19 Gift Items (porcelain, crystal, etc.)	160
7 Men's Fragrances & Toiletries	640	20 Gin	150
8 Confectionery	560	21 Writing Instruments	145
9 Accessories	540	22 Fashion & Clothing	140
10 Jewelry & Pearls	460	23 Canadian Whisky	130
11 Watches	430	24 Lingerie	125
12 Liqueur	380	25 American Whisky	125
13 Vodka	210		
		TOTAL TOP 25	12,050
		Other categories	1,450
		TOTAL WORLD	13,500

Source: Generation Publications

The Coming of Age in the North American Market

"A major tax revision would double the size of the U.S. duty-free business overnight," says David Bernstein, president of the International Association of Airport Duty Free Stores and chairman of Duty Free International, one of the continent's biggest operators.

Because of comparatively low domestic duties on goods like liquor and tobacco, U.S. duty-free shops

President Bush's threatened tax hikes might not be welcomed by the average American, but for the country's duty-free operators, bad news could turn out to be good news.

Trading Association (UETA) in 1987. UETA now runs 39 road border shops and has a string of port and airport stores in locations like Miami and San Antonio. The Mexican border, and especially Mexican airports, represent big business for liquor suppliers such as Jose Cuervo.

According to UETA President Carlos Castillon, duty-free sales on the border will exceed \$200 million this year, thanks to higher traffic levels and a stabilizing Mexican economy.

"With no economic setbacks as in the past, it is safe to say that our duty-free business will see a healthy 10 to 20 percent growth over the next 10 years," says Mr. Castillon.

On the northern border, the scene is dominated by Duty Free International's Ammex chain. Last year, Ammex signed an option agreement to acquire its principal rival, Washington-based Exports Inc.

The booming Caribbean cruise business of the 1980s also offered a fillip for duty-free operators, particularly Greyhound Leisure Services (GLS) of Miami, the leading cruise-line concessionaire, with contracts on 30 ships.

"There has been excellent growth in the number of passengers served and the sales per passenger," says GLS President J.P. Miquel.

According to Mr. Miquel, sales growth in U.S. duty free has been dynamic in the past two years. He



1989 in-flight sales: \$1.1 billion.

points to more European visitors attracted by the low U.S. dollar, increased spending on duty free by U.S. travelers and a rise in business from South America.

Throughout U.S. duty free, liquor and tobacco remain the most popular items, but operators note a surge in sales of perfume, cosmetics, fashion and gift items.

"The perfume market is flooded with new brands, in particular U.S.-made products," says Mr. Miquel. "And the fastest-growing product line on board the cruise ships is South American semi-precious loose stones."

Most international suppliers welcome the consolidation of the U.S. trade, content that they are now dealing principally with bona fide operators unlikely to re-ship, or "parallel," duty-free goods to other destinations—a long-time scourge

of the duty-free industry world-wide.

"The U.S. duty-free business has become a lot more sophisticated, and the emergence of larger players is something we like to observe," says Michael Longhurst, area duty-free manager for the world's and America's biggest-selling cognac, Hennessy. "We've had enough of the fly-by-night stool and telephone brigade."

Canadian duty free has been characterized by the rapid evolution of border shopping. In 1982, the country's first border store opened at Emerson, Manitoba. Today, there are 31 outlets spread across the 49th parallel from British Columbia to New Brunswick.

Border sales are expected to gross C\$280 million (US\$242 million) this year. "We're now maturing as an industry," says Gary Holowaychuk, president of West Coast Duty Free Store in Surrey, British Columbia.

Further illustrating the importance of the Canadian business, Duty Free Shoppers last month successfully bid approximately \$80 million for the right to operate the concession at Toronto airport's new Terminal Three, due to open next January.

With European duty free in jeopardy after 1992 and doubts over the level of Japanese spending, the growth of the North American business has not gone unnoticed by international suppliers.

"We see duty free in North America going ahead faster than anywhere else in the future," says Sandy Grant Gordon, chairman of William Grant & Sons, producer of the world's leading malt whisky, Glenfiddich.

M.M.

In the wake of the astonishing political turmoil of the past 12 months, things have changed for Eastern Europe's duty-free industry.

Late last month, Malev Hungarian Airlines signed a contract for exclusive rights to duty-free shops

"Dollar" shops will soon be a thing of the past

at Budapest's Ferihegy airport. The signing was a major coup for the soon-to-be-privatized national carrier. In Hungary, just as in the West, duty free is big business. This year, Malev hopes to earn more than \$7 million from sales at Ferihegy and on international flights.

"Duty free really is a very good operation for us and very important in terms of prestige," says Tamas Dietrich, Malev's duty-free shops manager.

Long before the first brick tumbled from the Berlin Wall, duty free offered Eastern Europe's headline communist states a vital avenue for generating cash—in time-honored capitalist tradition.

But if the commercial philosophy was familiar to the West, the style of outlet often was not. While traditional stores operated at most major East European airports, chains of

As curious Western tourists flood into Eastern Europe, duty-free sales are climbing fast. Western suppliers and retailers are displaying a keen interest.

"hard-currency" or "dollar" shops became an enduring symbol of Eastern Europe.

These stores, such as the Tuzex chain in Czechoslovakia, were the only means outside the black market of obtaining sought-after international brands like Kent or Marlboro cigarettes, Chivas Regal Scotch or Levi's jeans.

"The political changes made the

front page of the newspapers, but the economic changes are just beginning," says Pierre Viarnaud, a duty-free director for Chivas Regal's owner, Seagram's.

Globe-trotting Irish duty-free pioneer Aer Rianta International (ARI) has set up a series of joint shopping ventures in the Soviet Union and is actively pursuing others in neighboring countries.

ARI is not alone. As Eastern Europe awakens from a long economic sleep, its duty-free operators are finding themselves the subject of regular courtship from would-be partners.

"We are like the young bride," says Zdenek Kaspar, international affairs manager for Czechoslovak Airlines, which takes over the shops at Prague airport next January. "So whatever we do has to be done very carefully." While these are heady times for men like Mr. Kaspar, the fate of the dollar shops hangs in the balance.

M.M.

Heady Times for East European Duty Free

Dubai Duty Free's Finest Surprise:
He's too young to drive but not too young to win.



Bechara Abi Assi
7 years old, winner of a
Rolls Royce Silver Spirit II.

Winning a car at Dubai Duty Free has become child's play. Where else can you shop for the world's finest and also win the world's finest cars!

The finest collection at the world's most elegant duty free.

For The World's Finest.

Fly-Buy-Dubai



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A thought to share, a song to sing.
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For Silver Crystal treasures them for ever.

SWAROVSKI
SILVER CRYSTAL

Camille Boudier. Photo: Francis Hornet

ADVERTISING SECTION

Abu Dhabi: Arabian Nights

WALKING out of the arrivals hall into Abu Dhabi airport's duty-free complex is like emerging into an almost magical scene from the Arabian Nights or a space-age version of a bazaar in the sky. A huge central blue-and-gold mosaic-covered pillar mushrooms upward, embracing the sparkling shops and counters below. It is an extravaganza of delights for the jet-lagged passenger, who can choose from the thousands of bargains in peace and comfort.

The mainly Filipino staff is courteous, even at one o'clock in the morning, one of the busiest times for the airport. Abu Dhabi airport is one of the main transit points in the Gulf. Aircraft land and take off every 10 minutes, but for those who have time to spare between flights—45 minutes is the average—there are plenty of good buys to choose from, especially in the new jewelry and watch shop that opened earlier this year.

Other additions to the shopping area include outlets for perfumes and, for the first time, cosmetics, thought to be the only one of its kind in the Middle East. Fashion and leather goods were also added in the second phase of rebuilding, which was completed last summer. The beverage section now includes a wine cellar, another first for the Middle East.

Next month Mohamed Mounib, Abu Dhabi duty-free general manager, hopes to see the opening of a delicatessen and chocolate shop. He expects an upturn in traffic as more airlines move their operations from some neighboring countries to Abu Dhabi, capital of the United Arab Emirates. He sees little other effect from the Gulf crisis: "We are still enjoying the fact that we are a very important transit point." Sales in July and August, the peak summer months for cross-continental travel, were the highest ever recorded.

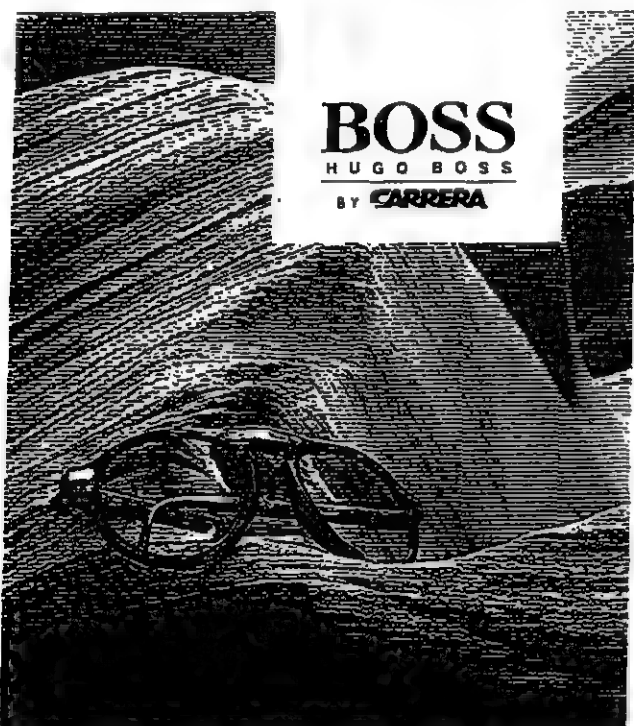
Mr. Mounib says that terminal traffic rose 7 percent and revenue 14 percent during the first six months of the year, compared with the same period in 1989. Total sales for the first six months of this year were more than \$19 million, an increase from \$16.4 million in 1989 and \$13.9 million in 1988. Sales per passenger have also risen sharply to almost \$16 per head.

"This is now our main target—to capitalize on available traffic flows with quality of service and to pay attention to the customer's needs," says Mr. Mounib. (Abu Dhabi is one of the few Gulf airports to have a "Welcome" sign for tourists.)

Knowing that passengers are sometimes delayed while waiting for their luggage and clearing immigration procedures, Mr. Mounib has just opened a second "arrivals" duty-free shop in the baggage claim area.

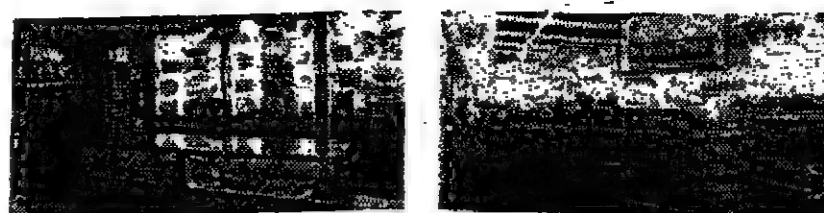
Abu Dhabi duty-free prices are close to Dubai's bargain-basement level.

Lee Voysey



DUTY FREE

SITES AND SOUNDS



Moscow: 5 Tons of Caviar

"IT'S another world," says the slogan at Moscow Duty Free in Sheremetyevo II airport. Nothing could be closer to the truth. For the more than 5 million passengers who pass through the airport, the duty-free shops present a blaze of color with their specialized displays. These include a wide range of Soviet and Western merchandise—from vodka, caviar, "Pulekh" trinket boxes and dolls to electronics, perfumes, cigarettes, household appliances and ceramics.

Japanese transit passengers (there are about 230,000 per year) go for stylish sports shirts emblazoned with giant red "CCCP" motifs, and special-edition vodkas. One of the most desirable is a replica of the original Smirnoff decanter supplied by Pierre Smirnoff & Sons to Tsar Alexander III before the Revolution. The decanter is now made by Ireland's Waterford Crystal and sells at about \$225 compared to an ordinary one-liter (2642 gallon) bottle of Smirnoff at under \$10.

"Our policy is to have the cheapest prices in Europe," says John Sutcliffe, general manager of Moscow Duty Free, which is a joint venture between Aer Rianta International (ARI) of Ireland, and Aeroflot, the Soviet airline. Mr. Sutcliffe recently returned from Dubai, where he had been a member of the "Irish Trinity," which revolutionized duty-free operations in the Middle East.

He hopes to revolutionize duty-free retailing in the Soviet Union. "The opportunities are tremendous," he says, pointing out that Soviet citizens are now legally allowed to hold up to \$50-worth of hard currency.

The Irish group has had a remarkable success with its duty-free operations in the Soviet Union. Turnover for Moscow Duty Free is expected to top \$40 million in 1990—its second full year of operation. ARI already has five joint ventures involving Aeroflot and Intourist. It runs duty-free shops at Leningrad Airport (these are about to be completely refurbished as the airport expands), in two of the city's hotels, the Pribaltiskaya and Moskva, and one on the Soviet-Finnish border at Vyborg. ARI is in the process of setting up shops in the Tashkent and Kiev airports.

Liam Skelly, director general of ARI, says that he hopes to be opening the first downtown duty-free shop in Moscow. "This will be a tremendous thing for us—and for the Soviets," says Mr. Skelly. The Soviets willingly pay up to \$20 for a single pack of Marlboros on the black market. In the duty-free shops, 200 Marlboros go for about half that price.

Sales have been booming so fast in Moscow Duty Free that Aeroflot, the name of the joint venture, has been experiencing some difficulties with maintaining supplies—never easy in the Soviet Union.

"We have to fly everything in from outside—even the light bulbs when they blow," says Mr. Sutcliffe, "but we are getting tremendous cooperation not only from Aeroflot but also from the customs people here." About 25 percent of all goods at the duty free are made locally in the Soviet Union.

The best-selling lines are electronics, audio and visual recorders and players, and domestic appliances. Says Mr. Skelly: "Last year we sold five tons of caviar, 130,000 liters of vodka, 500,000 cans of beer and 50,000 Matrioshka dolls."

L.V.

London: Up to 40% Savings

ALL 11 duty-free centers in British airports, from Aberdeen to Gatwick, guarantee shoppers an average savings of 40 percent on duty-free items and 20 percent on tax-free goods compared with downtown prices.

The British Airports Authority (BAA) polices low prices on duty-free. The British Airports Authority (BAA) polices low prices on duty-free items (liquor and tobacco) and tax-free items (gifts, clothing and other products) through a quarterly independent survey of major retailers around the country, according to Iain Burns, public affairs manager at Heathrow. If a customer proves an item is available cheaper outside the airport, "We will give them the difference [up to the 40 or 20 percent guarantee]," says Mr. Burns.

How can BAA afford to do that? On a typical £8.50 (\$16.00) bottle of whisky, £4.73 is excise duty and £1.11 is the 15 percent VAT, according to a spokeswoman for Customs and Excise. For a £1.65 pack of 20 cigarettes, the duty is £0.97 and the VAT is £0.21.

Unlike many airports, Heathrow offers small sampler packs of popular whiskies and cigarettes. And special offers are publicized through a good advertising campaign. While shopping in Terminal 4, travelers can deposit children at the day-care center.

Sensing an opportunity, Harrods has even jumped into the tax-free business with a new 12,000-square-foot gift store and food hall in Terminal 3 at Heathrow. The store has all the major gift items, from designer scents to Wedgwood china and Waterford crystal, with emphasis on Harrods' signature line, says General Manager Hilary Lewis.

For the same reasons, Sony recently opened an electronics boutique in Gatwick airport.

As frequent fliers may have noticed, availability of goods varies from terminal to terminal because of different flight patterns and passenger profiles. Nonetheless, the most popular item at Heathrow is not duty free—it is a tax-free French silk Hermès scarf at £105, Mr. Burns says. But like every other airport in Britain, Scotch whisky moves fastest; at Heathrow, it flies out of the store at a rate of 450 bottles an hour.

BAA takes a percentage of sales from the vendors and plows it back into airport improvement, says Mr. Burns. The revenue is also used to keep landing costs down, he says. BAA airports are some of the few around the world where a landing or airport tax is not levied against passengers.

Michael Gray

Spain: Anticipating 1992

SPANISH tourism has declined this year, but numerous large airports, with the exception of Madrid, are now being revamped and expanded to meet the foreseen increase in arrivals for the Summer Olympics in Barcelona and the 1992 Universal Exposition in Seville.

"Our airport will be enlarged to handle four times as much traffic, and duty-free shops will grow accordingly," says Julián García Hidalgo, general manager of the Seville Tourist Promotion Board.

Duty-free shops will continue to feature products like Spanish sherry, Cuban cigars (tobacco is a big seller in Spain), handmade artisan crafts, as well as an extensive range of liquor, perfumes and gifts. A boutique concept, which makes airport shopping more intimate and similar to that of downtown, will continue to be introduced into new stores.

Aldeasa, the Spanish duty-free monopoly that runs the airport shops, has a bright new logo and has expanded and remodeled its main store at Madrid's Barajas airport—ranked 45th among the world's top 500 duty-free shops with sales of \$39 million.

The Barajas outlet has a new electronics sector and is now as stylish as the "Duty and Tax Free Boutique" across the departure hall. That compact shopping area has boutique-like outlets for Harrods, Loewe, Dunhill and other upmarket merchandisers. The selection of goods at Artespalia, which ranges from picture frames and candelabra by individual Spanish artists to Liadro figurines, is particularly attractive.

The eventual disappearance of duty free in the EC, which could further adversely impact Spanish tourism, is not a major preoccupation for Miguel Aguilo, president of Iberia, which had \$19.5 million of inflight duty-free sales last year. "The future of duty free is simply not one of our main problems today," he says.

J.S.-M.

Cannes Exhibition

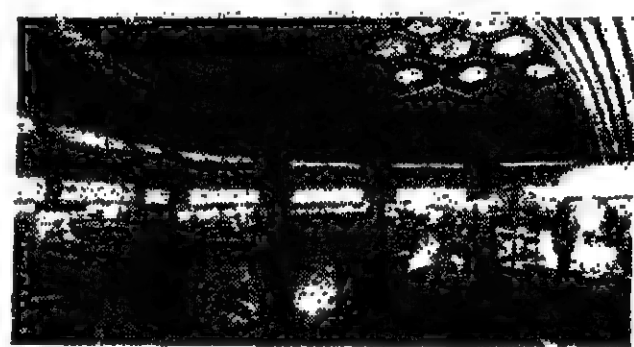
Continued from Page 15

holm, which operates 40 shops at 20 different airports.

Naturally, duty free is affected by political, social and economic events—ranging from global travel and tourism patterns to tax reforms in Japan, Sweden and Yugoslavia. The crisis in the Gulf led to a closure of shops in Kuwait and the rerouting of some flights away from Middle East airports. And increased airport security puts travelers on edge and gives them less time to shop.

The Japanese, the world's most fervent duty-free customers, are an especially important indicator. The liberalization of Japan's market is lowering domestic prices and could reduce Japanese duty-free spending—which has been the backbone of growth in Saipan, Guam and other locations—abroad.

"The Japanese are also buying less this year because of the weaker yen," says Birgit Meiser, duty-free manager at Munich-based Carrera Optic. "They make up 70 percent of our duty-free cus-



A busy time at Abu Dhabi duty free.

tomers and have an important impact on business," Carrera Optic supplies nine different lines of designer sunglasses to duty-free stores. "The Japanese duty-free market is stagnant, but there is still room for

growth in international duty free, and we are reinforcing our marketing efforts," adds Dieter Enders, senior vice president of international marketing at Goldpfeil, where duty free accounts for about 14 percent of total export sales.

Even perestroika has been felt in duty free.

"We've been improving our sales due to the changing attitude toward the Soviet Union and the general increase in international tourism," says Valerie Smirnov, commercial director at Plodimex, which markets Stolichnaya, Moskovskaya and Sibirskaya vodka. On the negative side, however, duty-free sales to travelers within the EC may be discontinued following the creation of the unified market in 1993. Europe earns 44.5 percent of the world's duty-free trade. About half of that is due to intra-Community traffic, and its eventual elimination could have a dramatic impact.

Yet growth estimates in the Pacific basin, where business increased over 25 percent in 1989, and the Americas, up 18.3 percent, make the overall outlook optimistic.

"Duty free is part of the global travel and tourism industry," says Donald Coe, president of Allied-Lyons International Brands. "Travel is 12 percent of the world economy now and will be 16 percent in 2000."

Free-lance journalist Joel Stratte-McClure, who chaired this year's Tax Free World Exhibition conference in Cannes, has been reporting on duty free for almost a decade.

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METAXA

THE GREEK SPIRIT

ADVERTISING SECTION

ADVERTISING SECTION

Dubai: Desert Oasis

THE place: Dubai International Airport.
The time: around midnight.

The scene: jet-weary passengers crowd the duty-free shopping complex, which is heading for a \$100 million turnover this year. There is a large huddle around gold and jewelry stands, aircrew have their eyes on the latest Rolex Oyster and Pasha de Cartier watches. Some Swedes are tempted by the new JCV video cameras — they know the price is so low that they can take one back to Stockholm, sell it and more than pay for the round trip. Cigarettes sell for only \$5 for a pack of 200.

While troops have been pouring into Saudi Arabia and neighboring states surrounding Dubai, the commercial capital of the United Arab Emirates, the duty-free shops have been packed with departing and transiting passengers. With its tasteful pastel decor and not-too-bright lights, the duty-free complex offers bargains galore — and a peaceful haven for passengers. "It is just like an oasis in the desert," says Ravi Paul, an Indian businessman who frequently passes through Dubai Airport.

"Yes, it is business as usual," comments Colm McCloughlin, the Irish-born general manager of the award-winning duty-free shopping complex. At the end of last year, the shopping area was extended by another 73 percent and the different outlets refurbished.

"We want to achieve an overall sense of luxury, comfort and convenience — and keep prices at unbeatable levels," adds Mr. McCloughlin, who says that Dubai is now among the top 15 busiest duty-free outlets in the world. While passenger volumes have dropped slightly due to some international carriers overflying the Gulf with the new extended-range jets, individual spending has risen to more than \$18 a head.

A new global promotion for the Dubai store is a raffle every 10 days for luxury autos ranging from a Rolls Royce Bentley to a Mercedes 560 SEC or a BMW 750 IL. Dubbed "Dubai Duty Free's Finest Surprise," the grand draw is proving an outright winner for some lucky passengers. One of them, a seven-year-old boy from Lebanon, won a Rolls Royce in July. Since the raffle started at the beginning of the year, passengers have been changing routes to pass through Dubai, says Mr. McCloughlin.

He adds: "We will be continually successful if we increasingly recognize the sophistication of air travelers."

L.V.

DUTY-FREE

SITES AND SOUNDS

Ferries: Whisky Bargains

WILL duty-free shopping become a casualty of the Single European Market come 1992? Leaders of the cross-channel car ferry industry, who are expecting a record 27.75 million passengers this year, fervently hope not: nearly half of the revenue generated on board comes from duty-free sales.

In fact, many off-season day-trippers are on board for no other reason than the inexpensive alcohol and cigarettes on which they can sometimes save the cost of the trip itself.

The most commonly used cross-channel ferry journey to Calais lasts only 75 minutes, but the two main operators, Sealink and P & O, estimate their duty-free sales to be worth about £150 million (\$294 million) per year. Both companies have recently spent large sums on upgrading their shopping facilities from supermarket to upmarket mall-style displays.

But at the end of the day, it is the price that counts or, in this case, the bargains. The best-selling lines on cross-channel ferries are, not surprisingly, Scotch whisky — Bells being the overall favorite — and Benson & Hedges cigarettes. They are certainly cheaper, with Bells being £8.90 for a large liter bottle and the cigarettes at £9.95 for 200.

More exotic favorites are the single malt whiskies — 16-year-old Lagavulin for £15.25 a liter — and perfumes from Dior to Paloma Picasso at up to 25 percent off typical U.K. prices. Even that worldwide accessory, the Swatch, costs a few pounds less without the VAT.

Mira Bar-Hillel

In-Flight: Buy in the Sky

IN-FLIGHT duty-free shopping is a perennial feature for all international carriers. "It's a very popular service that passengers have come to expect. It's a convenience," says Dean Breest, a spokesman for Delta Airlines in Atlanta.

As for Carolyn Fennell, she may not be typical but she admits to doing most of her international shopping while in flight, taking advantage of duty-free catalogs to order items carried on the plane. "Most of the trips I take, there's no time to shop, so I really enjoy the convenience of buying gifts and other items during my flight," says Ms. Fennell, whose job as community relations director for the Greater Orlando Aviation Authority requires frequent flying.

Generally, flight attendants ask passengers just before landing whether they want to order duty-free items from catalogs. The transaction is made on the plane before landing.

According to Generation Publications, in-flight sales generated \$1.1 billion in 1989. But is it a bargain for buyers?

Ms. Fennell points out that perfume purchased in flight is frequently a good buy. Delta's catalog shows that a 7 ml. (23 fl. oz.) bottle of Chanel No. 5 sells for \$42. KLM's in-flight catalog offers Chanel No. 5 for a comparable price, \$44. Unlike most in-flight shopping services, KLM does not sell liquor or cigarettes, which are generally popular items.

"Perfume is a popular seller and so are the gift items such as watches and KLM model planes," says Dan McCrudden, a station supervisor for KLM Airlines in Orlando. KLM's catalog includes Swatch watches selling for \$38.50 and its own "fun watch," featuring a KLM airplane, at \$19.50. KLM's popular model airplanes — the Boeing 747-400 and the veteran Douglas DC-4 — sell for \$22.

One of Delta's best-selling in-flight items is a scale model of the Delta L1011, costing \$19. Some buyers choose a set of five Delta model airplanes, costing \$15, others go for the Delta flight attendant doll at \$12.

"Two of our most popular items — probably because they're good gifts — are tin chocolates and an airline watch for children," says Mr. Breest.

Most offerings on duty-free flights are gift-type items costing under \$100 — such as T-shirts, pens, cigarette lighters, calculators, radios, watches and jewelry. But more upscale items, such as diamond bracelets at around \$400, are also available.

David Wilkening

Paris: City Shopping

DUTY free is not restricted to airports and ferries. It has become an integral part of shopping in the downtown areas as well. In fact, most European capitals — and Paris in particular — have activated tax-free rebate plans for travelers.

While Paris may not be the cheapest city on earth, visitors seeking the latest fashions, designer-quality products and tax-free discounts that can help save as much as 30 percent need look no farther than the French capital.

Anyone with an international air ticket or foreign passport can benefit from these discounts. And some stores are more lenient than others with their requirements.

Department stores such as Printemps, Galeries Lafayette and La Samaritaine offer a full range of goods. The assistants at the duty-free counter will complete all the forms necessary for a tax rebate upon departure from France.

There are also specialist duty-free shops clustered around the fashionable quarter between the Paris Opera and the Place de la Concorde — Eden, For You, Liza and Michel Swiss, for example.

Duty free at Roissy and Orly international airports has a reputation for upmarket shops and ranks seventh in the world.

Duty-free advertising campaigns often reflect the taste of the discriminating buyer. "We have devised a coherent international strategy for J & B that takes in airport duty-free shops around the world," explains Béatrice Mandray at the Paris-based Publicis agency, which organizes the whisky producer's worldwide campaigns. "Internationally, we are stressing the exclusive nature of this product," she adds.

Ordinary shops often offer sales-tax rebate forms — a tip worth remembering when a rich display of Baccarat crystal at the Place de la Madeleine or a lithograph in a Marais gallery is too tempting to resist.

Michael Rowe

1992 Conundrum

Continued from Page 15

Airports Association in Brussels.

Intra-Community sales represent almost \$3 billion of the global \$13.5 billion duty-free business, with 60 percent of the EC business in airports. Trade spokesmen contend that duty free not only gives shoppers a bargain but also keeps fares down and provides funds for modernizing and improving travel infrastructure and services. They claim its elimination could affect sales and employment for everyone — from manufacturer to store operator — in the business.

Hoping to sway the European Commission with these arguments, lobbyists for the duty-free industry still show varying degrees of optimism regarding the future.

"There are a variety of political, economic and legal reasons that duty free can continue to exist," says Chris Scott-Wilson, chairman of the advisory committee of the IDFC.

Most duty-free advocates insist that intra-EC business be maintained in its present form until the final disappearance of all internal frontier controls.

"Intra-Community duty free should continue beyond 1993 because the unified market will not be completed at that time," says Paul Bingham, manager of European Affairs at B.A.T. in London.

"Duty free provides additional production for EC manufacturers, additional EC employment, additional show windows for EC products and additional income for airports, airlines and shipping companies," adds Henbert Diehl, a director

at Heinemann Brothers, which runs shops at Frankfurt, where about 40 percent of duty-free sales are to intra-Community travelers.

"The cost of charter flights to EC destinations could rise 20 percent if duty free is eliminated," predicts Robert Parker-Eaton, director of customer services for Britannia Airways. "The income we lose from duty free would have to be made up from increased ticket costs."

"Sixty-two percent of on-board ferry sales and 18 percent of our total revenue are due to duty free," says Michael Aiken, passenger services director at Sealink British Ferries. "This income stream cannot be removed without serious consequences."

Not everyone is upset. Europe-bound travelers returning from North America or the Middle East will obviously buy before they return to the EC — which makes operators there smile.

Many companies and operators presume "1992" will occur, and they are scurrying to sell to intra-EC passengers while selling is still possible. They are also beginning to invest in marketing efforts elsewhere, basing future strategic decisions on the presumption that duty free will disappear.

Its boosters believe that if intra-Community duty free is abolished, it could be replaced by a type of shopping that still offers savings to travelers. This might involve a system of control at point of sale by the merchants themselves (duty free by another name) or travel value shops.

J.S.-M.

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Building, Swire House and Sogo

Department Store), Kowloon (The

Peninsula Hotel), Singapore (Hilton

Hotel and The Paragon), Bangkok

(Peninsula Plaza), Seoul, and

Simpson Piccadilly, London W1.

DAKS
ORIGINALS

SPORTS

Giants Avoid Loss to Cardinals With Last-Second Field Goal

By Frank Litsky
New York Times Service

EAST RUTHERFORD, N.J. — The New York Giants lost their quarterback on offense and their effectiveness on defense. They seemed to have lost the game, too, until they rallied to beat the Phoenix Cardinals, 20-19, on Matt Bahr's 40-yard field goal as time ran out.

The Cardinals, with good running from Johnny Johnson and persistent passing by Tim Lincecum, tied the score at 10 with 23 seconds left in the first half Sunday. Then they took a 19-10 lead in the second half on Al Del Greco's field goal of 18, 34 and 45 yards.

His last kick came with 5 minutes, 38 seconds to play, and the Giants seemed to have been beaten by a 13-point underdog.

Jeff Hostetler was at quarterback for the Giants because Phil Simms sprained his left ankle on the last play of the first quarter and did not return. And Hostetler was having a bad time, suffering four sacks and an interception.

But he moved the Giants to the Cardinals' 38-yard line, then threw a touchdown pass to Stephen Baker that made it 19-17 with 3:21 left.

The Giants' defense forced the Cardinals to punt and New York took over on its 29 with 58 seconds left. Hostetler's pass of 26 yards, to a sliding Mark Ingram, and 18 yards, to Lionel Mannel, put the ball on the Cardinals' 22.

Hostetler then quickly got his team lined up, took the snap and spiked the ball, stopping the clock with three seconds remaining. Bahr kicked the field goal, and the Giants extended their National Football League record to 6-0 as the Cardinals fell to 2-4.

In other late Sunday games, The Associated Press reported:

49ers 27, Steelers 7: Rookie Dexter Carter ran for 90 yards on 17 carries in San Francisco as the 49ers turned in their running game when Pittsburgh prevented Joe Montana from passing deep.

The 49ers rushed for 150 yards, surpassing 100 for the first time this season with Carter, until Sunday a disappointing top draft pick, replacing the injured Roger Craig.

Montana was 20 of 30 passing for 157 yards, with two interceptions in the 49ers' first three possessions.

But mistakes by the Steelers led to 17 points by the 49ers in a six-minute span that broke open the

game in the third period. San Francisco led, 13-7, when Pittsburgh rookie Barry Foster inexplicably walked away from Mike Cofe's kick-off, and the 49ers' Mike Wilson fell on the free ball. Three plays later, Tom Rathman scored the first of

NFL ROUNDUP

his two touchdowns, and the 49ers' first on the ground this season.

"I blacked out," Foster said. "In a punting situation, obviously, you can't let it roll. When I finally realized it wasn't a punt, it was too late."

Raiders 24, Chargers 9: Bo Jackson scored on touchdown runs of five and seven yards in San Diego as Los Angeles took a two-game lead in the American Conference West Division. Jackson, in his season debut after finishing up with baseball's Kansas City Royals, gained 53 yards on 12 carries.

Seahawks 19, Chiefs 7: In Seattle, the Seahawks held Christian Okoye and Barry Word to 66 yards

rushing and got four field goals from Norm Johnson.

The Seahawks were helped by three fumble recoveries as they overcame four interceptions thrown by Dave Krieg.

Rams 44, Falcons 24: Jim Everett passed for 302 yards and three touchdowns in Anaheim, California, and Henry Ellard became the Rams' all-time yardage receiving leader. Ellard caught six passes for 109 yards for a career total of 6,311.

Working against the NFL's worst pass defense, Everett was 24 of 38 passing as the Rams ended a three-game losing streak.

The Falcons' Andre Rison caught five passes for 161 yards, but his team continued to be plagued by penalties, 10 for 93 yards.

Bills 30, Jets 27: Jim Kelly threw four touchdown passes in Orchard Park, New York, the last winning the game with 19 seconds left. The 14-year-old to Jamie Mueller helped Buffalo overcome a fourth-quarter deficit for the third straight game.

Dickerson Returns to Colts, and Jeers

By Malcolm Moran
New York Times Service

INDIANAPOLIS — After the capacity crowd in the Hoosier Dome had delivered its long, loud and predictably unfriendly initial welcome of Eric Dickerson on his return to the Indianapolis Colts, the relationship between the people in the stands and their \$10 million running back could be reduced to a simple formula.

If Dickerson carried the ball for five yards or more, the response was tolerant and even happy noise. If the gain was four yards or less, the people of Indiana seemed to look upon Eric as a four-letter word.

Dickerson averaged 6.1 yards per carry Sunday in his first game, eight days after signing a four-year contract extension reportedly worth between \$10 million and \$11 million.

A 20-yard gain on his second carry in the game against the Denver Broncos allowed him to surpass O.J. Simpson as the sixth leading rusher in the history of the National Football League.

But Dickerson's return, and the response it created, was not about his yesterday's, a point reinforced

by one of several critical banners, the one that read, "NOW EARN IT."

Dickerson now has gained 11,281 yards early in his eighth professional season. He gained just 55 Sunday, in only nine carries, in a 27-17 loss to the Broncos that reduced the Colts' record to 2-4.

John Elway of the Broncos, who refused to play for the then-Baltimore Colts in 1983, forcing a trade to Denver, completed 21 of 30 passes for 317 yards and two touchdowns.

Dickerson's return, after an extended, acrimonious negotiation in which he criticized teammates and the Colts' organization, redefined the concept of Hoosier hospitality in a place where the booing of hometown athletes has not been

known to become a personal statement.

But then, Dickerson may have changed the negotiating approach of the high-profile athlete.

"He has probably set a precedent," said offensive guard Brian Baldinger. "But if there's anybody that can try to buck the system or take on management, it's a player like Eric."

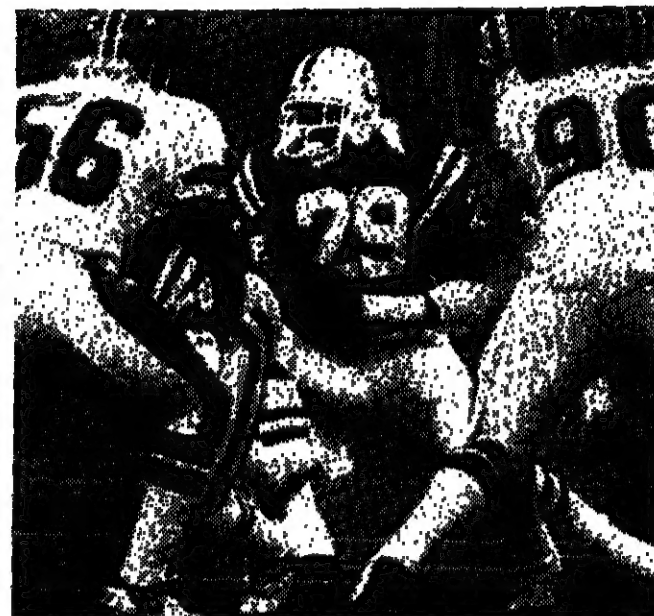
"Somebody from the rank-and-file, an offensive line, defensive line-type player, we can't do that," said Baldinger, an eight-year veteran who added that he did not feel bitter about the criticism. "We can't afford to do that. He felt he was in a position to do it. It worked out good for him."

The outcome for the Colts appears less certain. A team built around the passing skills of Jeff George, the injured rookie quarterback, passed on nearly 65 percent of its offensive plays in the first five games.

Although the Colts trailed by just seven points at halftime Sunday and did not fall behind by more until the final minute, 41 seconds, Dickerson gained just 16 yards on four carries in the second half.

Top 10 Rushers

Player	Team	Yards	TDs
Eric Dickerson	Colts	11,281	77
O.J. Simpson	Broncos	10,295	69
Barry Sanders	Packers	9,938	54
John Elway	Broncos	9,800	41
Walter Payton	Bears	9,758	52
Sammy Winder	Chiefs	9,750	53
John Riggins	Redskins	9,748	51
John Elway	Broncos	9,748	41
John Elway	Broncos	9,748	41
John Elway	Broncos	9,748	41



Dickerson saw nothing but Broncos on his first carry this season.

In the second quarter, when the Colts trailed by 17-3 and faced a fourth-and-one at the Denver 43, Dickerson lined up as the lone running back in a formation with four wide receivers.

Jack Trudeau, who threw for 312 yards and two touchdowns, dropped back to pass, started to scramble, and was tackled for a two-yard loss.

As another banner in the stands said: "HOUSE OF FRUSTRATION."

Davis Cup Surface: The U.S. Retreats

Reuters

SYDNEY — Australia claimed Monday a small victory in its battle with U.S. tennis authorities over the Davis Cup final to be played in St. Petersburg, Florida, from Nov. 30 to Dec. 2.

Ten days ago the United States Tennis Association (USTA) said the matches would be played on a red brick-dust surface made in Germany. Tennis Australia said then that it believed the surface might not be allowed under Cup regulations because it was not in regular use in the United States.

In a statement on Monday, Tennis Australia said the USTA had abandoned plans to import the red brick-dust surface. Instead, the court would be "constructed from clay materials originating in the United States," Australian officials said.

The new surface should be slightly quicker than red brick-dust and is a small victory for Australia, whose players prefer faster surfaces.

Australia, winner of the Davis Cup in 1983 and 1986, initially complained about the USTA's delay in specifying the final surface.

Australia has also lodged a complaint about the time set for the doubles match, which may prevent former Wimbledon champion Pat Cash from playing in both the doubles and the singles.

Prost Threatens to Quit If Senna Isn't Curbed

Compiled by Our Staff From Dispatches

Ayrton Senna found himself in two familiar positions Monday: as the Formula One world driving champion and as the target of intense criticism for the way he had clinched the title.

From the head of international auto racing's ruling body to officials of the defeated Ferrari team and the news media, the Brazilian driver for McLaren-Honda was under fire for colliding with rival Alain Prost of France in Sunday's Japanese Grand Prix.

In Japan, Prost threatened to give up driving in Formula One races if the sport's governing body, FISA, did not find a way of controlling the man Prost said is putting everyone else at risk.

"They must make changes in the regulations," Prost said, adding that "I am not prepared to fight against irresponsible people who are not afraid to die."

Senna rammed into Prost's Ferrari on the first turn of Sunday's first lap, knocking both cars out of the race and thereby clinching a second world title for Senna.

"Senna, world champion pirate," read a front-page headline in Italy's largest sports daily, Gazzetta dello Sport.

Prost and Senna collided in Japan a year ago, and that crash clinched the title for Prost. Although Senna denied it, there was speculation that Sunday's crash may have been premeditated.

The Italian press reported that Ferrari had asked FISA to discipline Senna. FISA's president, Jean Marie Balestre, who last year threatened to disqualify Senna for comments about Prost's title victory, was quoted as saying he would take action on the "shameful" case.

Italian Formula One driver Alessandro Nannini, 31, whose right forearm was sewn back on after a helicopter crash 10 days ago, was released from the CTO hospital of Florence on Monday. The Associated Press reported.

Doctors said blood circulation in Nannini's re-attached arm was good and that he will begin rehabilitation within a month.

BOOKS

KEEPER OF THE GATE

By Selma (Lucky) Roosevelt. 383 pages. \$21.95. Simon & Schuster, 1230 Avenue of the Americas, New York, N.Y. 10020.

Reviewed by Anne Chamberlin

FOR most of us, if we search the main course and the dog bites the guests, about the worst that can happen is that they all leave early and never come back. In diplomatic Washington, such a social mishap could wreck a trade pact or jeopardize our oil supply. The official who takes the rap is the chief of protocol.

Roosevelt cites her years covering the diplomatic beat for The Washington Post, when she tried to sneak into Blair House disguised as a member of Jawaharlal Nehru's official party. She lived in Istanbul, Madrid and London, when her husband, the late Archibald Roosevelt, grandson of Teddy, was posted there with the CIA.

Certainly there are adventures here one wouldn't want to miss, such as her escorting the ambassador of Switzerland, clad in off-the-shoulder leopard pelts and with bare feet, and carrying a lethally sharpened spear, to see the president. There are also storybook evenings like the multi-long buffet at the marriage of the daughter of the king of Morocco, in a vast courtyard where 250 other brides being married the same day were carried about on large trays by ululating tribeswomen.

Elizabeth ("Her glowing skin is a triumph of nature") and Prince Philip ("There are few men in the world more attractive"). She spent 1½ hours in the back of a limousine with Prime Minister Indira Gandhi, stuck in New York traffic (she suggested that Gandhi lean back and take a nap, and she did).

You might expect a feast of tidbits on life backstage with the mighty. But we get a heavy dose of the mighty reacting to the author. They say things like Rajiv Gandhi's "Ambassador Roosevelt, you have not changed at all since I saw you three years ago." (That's when they were stuck for 45 minutes in the National Press Building elevator.)

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I like thinking about the king of Morocco's tea-makers, setting up their Bunsen burners to brew mint tea for Mrs. Reagan on one of the White House rugs. "We sprang them from the guardhouse," Roosevelt writes, "explaining to the startled Secret Service that these funny-looking guys in pantaloons and striped vests, red feathers and pointy bedroom slippers, were part of the King's retinue." There was also an aide in charge of pomegranate juice on that trip, who carried squeezer and pomegranates to all the meetings to slake the royal thirst.

There is much here that adds to our knowledge of diplomacy's quirky ways. The book is a diplomatic rationale for all the Rabelaisian feasting that foreign policy seems to require while the domestic homeless sleep outside on the grates. Roosevelt sees ways that the system could be improved. She feels frustrated that protocol is beginning to be thought of as woman's work.

Yet in the next breath she can exclaim about the "bedroom eyes" of the Mexican foreign minister or wonder "How could any woman resist" Rajiv Gandhi — "devastatingly handsome, sensual, powerful, but at the same time tender, sweet, and soft-spoken?"

As the world turns, Rajiv Gandhi has lost his job in India, and Lucky Roosevelt's protocol post is now occupied by a man.

Anne Chamberlin, a Washington writer, did this for The Washington Post.

BRIDGE

By Alan Truscott

MOST tournament players are content to try for one victory at a time. Others are more hungry for success, as witness a foursome from New Jersey at the Summer Nationals in Boston in July. Louis and Richard Dubrovsky of Farmingdale, N.J., and Eli and Cynthia Schneider of East Brunswick, N.J., played in simultaneous knockout team events.

They won them both, a most unusual

parlay, and were aided by the diagrammed deal, which decided a semifinal match. The Dubrovsky partnership, using a version of the Precision System, stretched their values to a grand slam and made it with some help from the opposition.

One club by Richard Dubrovsky was strong and artificial, and two spades asked North to describe her hand in terms of spade support and controls. Three hearts showed support plus four controls, and South eventually gambled on seven spades — a grand slam effort with 23 points in the combined hands.

West led heart ten, and South threw a club from the dummy and captured the queen with the ace. He ruffed a heart, led the diamond jack and drew an ace.

East covered with the king, neglecting the guideline that calls for delay in covering sequential honors. A heart ruff and a diamond ruff were followed by another heart lead. West ruffed with the spade ace and played trumps. Before the last trump was led the ending was:

North and South were vulnerable			
	North	West	East
Spades	AKQJ	10 9 8 7 6 5 4 3 2	AK
Hearts	AKQJ	10 9 8 7 6 5 4 3 2	AK
Diamonds	AKQJ	10 9 8 7 6 5 4 3 2	AK
Clubs	AKQJ	10 9 8 7 6 5 4 3 2	AK

West led heart ten.

South won the heart ten.

South won the heart ten.

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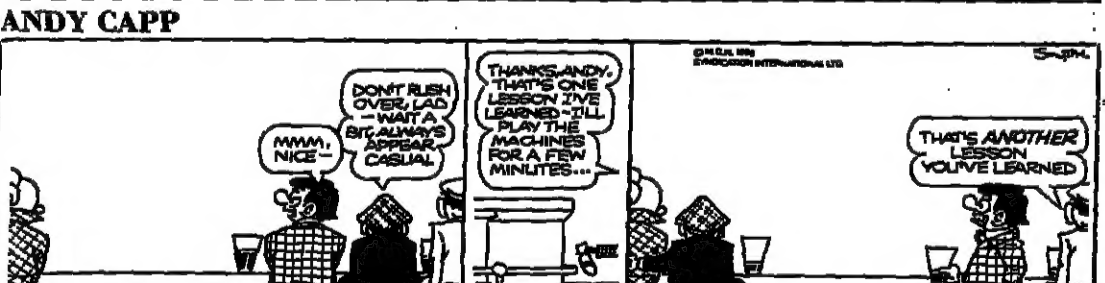
PEANUTS



BEETLE BAILEY



ANDY CAPP



WIZARD OF ID



REX MORGAN



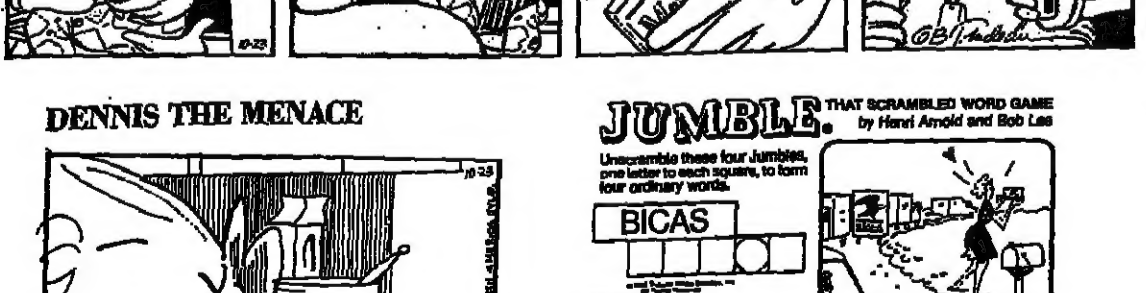
GARFIELD



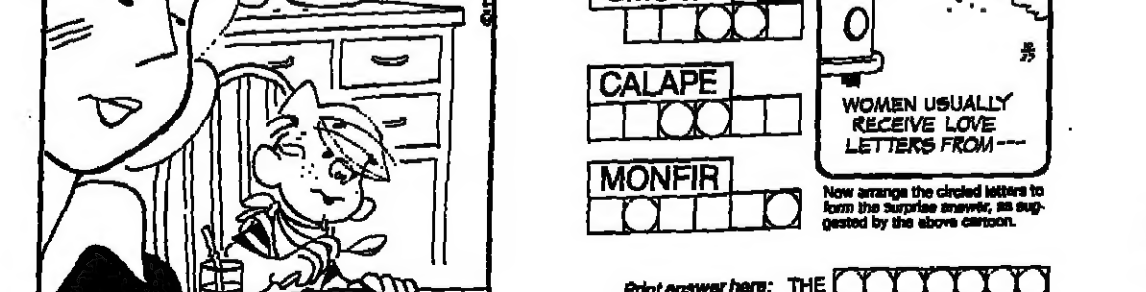
DOONESBURY



DENNIS THE MENACE



JUMBLE



Print answer here: THE (Answers tomorrow)

Yesterday's Jumble: EUPHONY TULLA CONVOY SHOULD

Answer: What she said there was about that long-line worker—SOMETHING "PHONE-Y"

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